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Application Proof of

New Shicoh Motor Co., Ltd.
(新思考電機股份有限公司)

(the "**Company**")

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

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New Shicoh Motor Co., Ltd.
新思考電機股份有限公司

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

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this Document and should be read in conjunction with the full text of this Document. As this is only 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 "Risk Factors". You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**. *Various expressions used in this section are defined or explained in "Definitions" and "Glossary of Technical Terms" in this Document.*

OVERVIEW

Founded in 2014, we are a major micro motor manufacturer in China and one of the early entrants in the imaging motor field. We have established deep expertise and proprietary technology across the entire chain, ranging from material performance enhancement and manufacturing processes to rigorous product quality control. We have built a strategic footprint with dual manufacturing bases in Jiaxing and Hefei and dual R&D centers in China and Japan, enabling us to continue expanding our business boundaries through advanced products to sustain a long-term competitive edge. According to Frost & Sullivan, based on revenue in 2025, we ranked No. 6 globally and No. 2 in China in the imaging motor market, with market shares of 3.3% and 9.8%, respectively. In the optical image stabilization ("**OIS**") imaging motor segment, we ranked No. 4 globally and No. 1 in China, with market shares of 5.6% and 14.0%, respectively, in terms of revenue in 2025.

We focus on two major product categories: imaging products and non-imaging products. Our imaging products include voice-coil motors ("**VCM**"), piezoelectric motors and shape-memory-alloy ("**SMA**") motors based on technical principles. These are primarily applied in camera modules for smartphones, handheld imaging devices, security monitoring, and machine vision systems to enable functions such as autofocus ("**AF**"), OIS, aperture adjustment, and zoom. Based on functionality, our imaging products primarily include OIS motors, which is a motor used to stabilize the lens or sensor, reducing image blurring caused by hand movement during shooting; periscope motors, which is a motor used in periscope camera modules to support folded optical paths and achieve long focal length in slim devices; open-loop motors, which is a motor that controls lens movement through electromagnetic force and spring balance, without position feedback; closed-loop motors, which is a motor equipped with position sensors, enabling faster and more accurate AF; variable aperture motors, which is a motor used to adjust aperture blades to control light intake and optimize imaging under different lighting conditions; and continuous optical zoom motors, which is a precision motor used to adjust the focal length smoothly, enabling continuous optical zoom without image interruption. During the Track Record Period, the vast majority of our revenue was generated from imaging products, particularly OIS motors and periscope motors, open-loop motors, and closed-loop motors.

Our non-imaging product offerings primarily include stepper motors, which is a motor that moves in fixed steps, allowing precision position control without external sensors; and brushless direct current ("**BLDC**") motors, which is a motor that uses electronic control to provide stable rotary drive or power output, and can be applied in areas such as smart homes, unmanned aerial vehicles, automobile electronics and robotics. These have been deployed across application scenarios spanning robotic vacuum cleaners, security monitoring, and automotive electronics. We are also expanding into emerging fields such as embodied robotics and the low-altitude economy.

According to Frost & Sullivan, under the commonly adopted motor-size classification based on the outer diameter of the motor stator core, electric motors are generally categorized into large, medium, small and micro motors, and micro motors (with a stator core outer diameter of less than 100 mm) represent the smallest category in practical applications. Beyond micro motors, two additional categories of smaller and advanced motors exist at stages of technological development: ultra-miniature piezoelectric/hollow-cup motors, which are applied in medical endoscopes and precision optics; and nano-electrostatic and molecular motors, which remain largely confined to laboratory research. Neither category has achieved the commercial maturity or mass-production scale of micro motors, which serves a broad range of end-market applications.

In particular, micro imaging motors are primarily used in consumer electronics such as smartphones and handheld imaging devices, while micro non-imaging motors are mainly used in security surveillance devices, smart home systems, automotive electronics. In the imaging motor industry, multiple technology routes coexist, including VCM, piezoelectric, SMA, and others. While VCM remains the dominant solution for imaging motors, alternative technologies are developing in parallel and may be adopted where they offer advantages in specific performance dimensions depending on application requirements.

In the micro motor industry, product performance is generally assessed based on a variety of technical parameters including miniaturization, power consumption, dynamic performance and reliability. These parameters include, among others, physical dimensions, weight, rated power, conversion efficiency, rated torque, positioning accuracy, response speed, noise level, vibration amplitude, IP rating, and reliability indicators such as life decay and temperature drift. According to Frost & Sullivan, high-performance micro motors generally refer to micro motors designed to deliver higher performance across critical parameters, including optimized miniaturization, high power conversion efficiency, precise torque and positioning accuracy, fast dynamic response, low noise and vibration, robust IP rating, and long-term reliability with stringent size and power constraints. According to Frost & Sullivan, from the perspectives of anti-shake capability, precision, response time, image sensor resolution compatibility, and rated stroke, the company has achieved industry-leading standards and falls into the category of high-performance products.

The level of sophistication of our motor products varies across application scenarios, and corresponds to the specific complexities and performance requirements of the end-use devices. For smartphones, handheld imaging, and sports cameras, our products exhibit a high degree of sophistication characterized by their compatibility with large or full-frame sensors, integration of complex multi-axis stabilization algorithms (such as optical image stabilization, three-axis mechanical image stabilization and five-axis electronic image stabilization), and the ability to deliver precise motion control under dynamic conditions. Conversely, in security surveillance and smart home scenarios, product sophistication is primarily demonstrated through the capability to support demanding operational environments, such as 24-hour continuous recording and infrared night vision, prioritizing long-term durability, stability, and system interconnectivity. Furthermore, for other applications such as barcode scanners and AR/VR devices, our motors demonstrate sophistication by achieving extreme miniaturization while maintaining reliable standard functionalities.

We operate an integrated, end customer-oriented business model covering early design, efficient product development process, reliability validation, precision manufacturing and lifecycle support, enabling us to deliver high-reliability micro motors at scale. For imaging products, we mainly supply our products to camera module manufacturers, while the selection of our motors and key technical specifications are substantially determined by leading smartphone and other handheld imaging device brands. For non-imaging products, we generally transact directly with end customers across sectors such as consumer-grade UAVs, robotics, smart home devices and automotive electronics.

Key Operating Highlights

During the Track Record Period, OIS and periscope motors, open-loop motors and closed-loop motors, in aggregate, accounted for the vast majority of our revenue. The following table sets forth a breakdown of our revenue during the Track Record Period by product category based on functionality:

	For the Years Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
OIS motors	503,636	58.9	1,272,534	81.3	1,022,443	52.3	430,535	74.1	361,531	52.1
Periscope motors	113,138	13.2	2,813	0.2	223,111	11.4	12,173	2.1	57,934	8.3
Open-loop motors	170,556	19.9	176,354	11.3	247,904	12.7	71,887	12.4	55,645	8.0
Closed-loop motors	39,108	4.6	69,613	4.4	292,888	15.0	53,374	9.2	139,205	20.0
Other motors[1]	17,315	2.0	35,702	2.3	163,007	8.3	10,988	1.9	62,227	9.0
Others[2]	11,577	1.4	7,518	0.5	7,471	0.3	1,978	0.3	17,918	2.6
Total	**855,330**	**100.0**	**1,564,534**	**100.0**	**1,956,824**	**100.0**	**580,935**	**100.0**	**694,460**	**100.0**

Notes:

(1) Other motors primarily included stepper motors, BLDC motors and variable-aperture motors.

(2) Others primarily included the provision of R&D related technical services and sales of raw materials.

The following table sets forth the sales volume of our products in terms of number of units during the Track Record Period:

	For the Years Ended December 31,			For the Four Months Ended April 30,	
	2023	2024	2025	2025	2026
			(Unit: 1,000 pieces)		
OIS motors	38,675	65,643	65,165	26,542	14,728
Periscope motors	1,599	12	2,014	34	1,011
Open-loop motors	93,136	85,339	130,450	37,539	27,961
Closed-loop motors	3,292	2,557	16,219	2,353	8,311
Other motors	5,122	10,517	12,470	2,555	7,102

The sales volume of our OIS motors increased in 2024 as compared with 2023, which was primarily due to the further expansion of the range of OIS motor products supplied by us to the existing customers and our continued deepening of cooperation with a key customer. In 2025, the sales volume of our OIS motors slightly decreased, which was primarily driven by changes in the product mix delivered to our customers and delayed shipments resulting from the temporary deferral of certain demand from certain of our end customers, including Customer B, as a result of adjustments to its procurement and shipment schedules for certain OIS motor products. Such deferral was temporary in nature as part of the relevant demand was subsequently reflected in shipments of OIS motor products and revenue recognised by us in the first quarter of 2026. The sales volume of OIS motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, primarily due to the relevant end customer's reduced production and shipment of certain smartphone models as a result of temporary price fluctuation and supply tightness of memory chips, which resulted in a decrease in shipments of our relevant OIS motors.

The sales volume of our periscope motors decreased in 2024, as compared with 2023, which was primarily attributable to our strategic adjustment to our overall product mix in 2024, as part of our business strategy to broaden the scope of our cooperation with a key customer and deepen our relationship, which in turn resulted in relatively lower shipments of periscope motors during the year. In 2025, the significant increase of periscope motors was primarily attributable to evolving customer demand and the successful mass production of our new periscope motor products, resulting in a significant increase in order intake and shipment volume to a key customer. The sales volume of periscope motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to the increased customer demand for our new periscope motors and the ramp-up in mass production and delivery of such products, which led to an increased customer order intake from, and shipments, to Customer B.

The sales volume of open-loop motors decreased in 2024 as compared with 2023, primarily because there was an increase in the proportion of higher-priced products in our product mix, and we selectively undertook higher-margin orders to maintain our focus on profitability. In 2025, the sales volume of open-loop motors increased primarily because we proactively secured and undertook certain new high-quality projects with relatively high profit margin. The sales volume of open-loop motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily because we adjusted the mix of project undertaken by placing greater focus on products with relatively higher gross profit margins. Sales volume of our closed-loop motors in 2025 increased as compared to 2024, primarily due to sustained downstream demand for high-reliability and compact imaging motors, supported by the ongoing global digital content creation trend and the continued growth of handheld imaging devices. Leveraging our entry into handheld imaging and the commencement of supply of closed-loop motors for End Customer B in 2024, we further increased shipments of such products in 2025. The sales volume of closed-loop motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to continued growth in shipments of closed-loop motors used in handheld imaging devices, which is aligned with the robust demand from End Customer B.

The increase in the sales volume of other motors from 2024 to 2025 was primarily attributable to our continued expansion of our application scenarios in non-smartphone application sectors, including action cameras, and strengthened our cooperation with customers in these sectors. The increase in the sales volume of other motors from 2023 to 2024 was primarily attributable to our expansion into non-smartphone application sectors and the increase in demand from customers in sectors such as security surveillance and smart home appliances, which led to higher shipment volumes of other motors during the period. The sales volume of other motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to the expansion and broader adoption of our motor products in various non-martphone application scenarios, such as action cameras, UAVs, robotics and smart home devices.

The following table sets forth the average selling price of our products during the Track Record Period:

	For the Years Ended December 31,			For the Four Months Ended April 30,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
OIS motors	13.0	19.4	15.7	16.2	24.5
Periscope motors	70.7	243.8	110.8	356.2	57.3
Open-loop motors	1.8	2.1	1.9	1.9	2.0
Closed-loop motors	11.9	27.2	18.1	22.7	16.7
Other motors	3.4	3.4	13.1	4.3	8.8

The average selling price of our OIS motors increased in 2024 as compared with 2023, which was primarily because we commenced collaboration with and supply to certain new customers for OIS motors with more demanding technical specifications and performance requirements, such as higher AF rated stroke, larger stabilization angle, more accurate AF and OIS stroke control, and lower consumption, the supply of such OIS motors was continued in 2025. In 2025, the average selling price of our OIS motors decreased, which was primarily due to the change in product mix and a broader range of customers. Meanwhile, the delayed shipments which was led by temporary deferral demands of certain high-price products to our end customers also resulted in the decrease of average selling price. The average

selling price of OIS motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to changes in product mix and customer shipment structure. Specifically, as temporary price fluctuations and tight supply in memory-chip, which affected certain end customers' production and shipment of certain entry-level smartphone models and in turn, the shipments of certain OIS motors with relatively lower unit prices decreased. In addition, certain shipments of higher-value OIS motor products to Customer B were recognized during the period following the temporary deferral of customer demand in prior periods, resulting in a higher proportion of such products in our OIS motor sales and a higher average selling price.

The average selling price of our periscope motors increased in 2024, as compared with 2023, which was primarily due to the relevant products were mainly delivered in trial production and small batch quantities in 2024, resulting in relatively low shipment volumes and correspondingly higher unit prices. This trial production was initiated in response to a certain end customer's request, Customer B, one of our major end customers during the Track Record Period, for details, please see "Business – Marketing, Sales, and Customers – Our End Customers." The relevant periscope motors were designed with specific functions and technical specifications, including three-axis image stabilization, to enable high-precision multi-axis stabilization within a compact camera module, which are usually applied in smartphones. In 2025, the decrease of periscope motors was primarily attributable to the relevant projects progress into the mass production stage and shipment volumes increase. The average selling price of periscope motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to changes in product mix. The average selling price in the comparative period of 2025 was relatively high, mainly because one periscope motor model delivered during the period was at the trial production and small-batch delivery stage with a relatively high price. During the four months ended April 30, 2026, following the introduction of a new periscope motor model and the reduced contribution from such relatively high-priced model, the average selling price of periscope motors decreased accordingly.

The average selling price of our closed-loop motors increased from 2023 to 2024, primarily due to a shift in product mix. Driven by ongoing global digital content creation trend and the continued growth of handheld imaging devices, as well as higher requirements for highly reliable and compact image-stabilization motors, we expanded our presence in the handheld imaging segment and increased shipments of mid-to-high-end closed-loop motor products. Specifically, the proportion of closed-loop motors supplied for handheld imaging applications increased from 42.9% in 2023 to 98.1% of total closed-loop motor sales in 2024, while the proportion attributable to smartphone applications decreased from 57.1% in 2023 to 1.9% in 2024. Closed-loop motors designed for handheld imaging devices generally command a higher unit price due to their more demanding technical specifications as well as higher associated material costs, which lifted the overall average selling price of our closed-loop motors.

The average selling price of our closed-loop motors decreased in 2025 as compared with 2024, as we commenced shipments of a newly introduced closed-loop motor designed for a major end customer that carried a relatively lower unit selling price. Meanwhile, the proportion of closed-loop motors supplied for smartphone applications increased from 1.9% in 2024 to 16.5% of total closed-loop motor sales in 2025, while the proportion attributable to handheld imaging applications decreased from 98.1% in 2024 to 83.2% in 2025. The average selling price of closed-loop motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to our pricing adjustments for certain closed-loop motor models, taking into account the higher sales-volume, long-term stable cooperation with key customers and prevailing market conditions.

The average selling price of other motors remained relatively stable from 2023 to 2024, primarily because our sales of other motors during the period mainly consisted of stepper motors with relatively similar product specifications, resulting in a largely stable product mix and average selling price. The increase in the average selling price of other motors from 2024 to 2025 was primarily attributable to changes in product mix. In 2025, we commenced mass production and sales of variable-aperture motors applied to new application scenarios such as action cameras, which generally command higher selling prices due to their higher technical specifications and performance requirements. The average selling price of other motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to the changes in product mix, particularly an increase in the proportion of higher-value motor products applied to non-smartphone application scenarios, including action cameras, UAVs, robotics and smart home devices.

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

	For the Years Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(Unaudited)			
OIS motors	53,599	10.6	210,171	16.5	119,538	11.7	56,118	13.0	52,470	14.5
Periscope motors	22,037	19.5	1,295	46.0	55,625	24.9	5,298	43.5	4,633	8.0
Open-loop motors	5,392	3.2	18,153	10.3	42,164	17.0	11,560	16.1	13,389	24.1
Closed-loop motors	4,941	12.6	29,253	42.0	101,951	34.8	22,986	43.1	38,994	28.0
Other motors[1]	(8,937)	(51.6)	(2,133)	(6.0)	13,195	8.1	(1,700)	(15.5)	6,064	9.7
Others[2]	1,855	16.0	3,643	48.5	3,844	51.5	544	27.5	9,805	54.7
Less: Provision for inventory impairment	(7,391)		(11,030)		(10,018)		(9,738)		(14,077)	
Total	**71,496**	**8.4**	**249,352**	**15.9**	**326,299**	**16.7**	**85,068**	**14.6**	**111,278**	**16.0**

Notes:

(1) Other motors primarily included stepper motors, BLDC motors and variable-aperture motors.

(2) Others primarily included the provision of R&D related technical services and sales of raw materials.

The increase in gross profit and gross profit margin from sales of OIS motors from 2023 to 2024 was primarily due to an improved product mix, economies of scale and enhanced cost control as sales expanded. The gross profit and gross profit margin from sales of OIS motors experienced a decrease from 2024 to 2025, primarily due to the temporary deferral of certain demand from the end customer, resulting in delayed shipments and weaker absorption of production costs.

The fluctuations in gross profit from sales of periscope motors during the Track Record Period primarily reflected the changes in sales volume driven by the transition to mass production. Our gross profit margin from sales of periscope motors increased significantly from 2023 to 2024, and then decreased in 2025, primarily due to the limited shipments made in 2024 mainly consisted of sample sales with a relatively high average selling price, whereas in 2025, such products entered the mass production stage and the average selling price decreased. Our gross profit and gross profit margin from sales of periscope motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, primarily because the relevant sales in the four months ended April 30, 2025 mainly comprised limited-volume trial-production deliveries with relatively high unit prices, resulting in a relatively high gross profit margin during the period. During the four months ended April 30, 2026, the product mix included a newly launched model, whose ramp-up during the Chinese New Year period resulted in relatively high production costs and low initial production efficiency. See "Financial Information – Comparison of Results of Operations."

The increase in gross profit and gross profit margin from sales of open-loop motors from 2023 to 2024 was primarily due to our selective acceptance of certain high-quality projects with relatively high gross profit margins. The increase in gross profit and gross profit margin from sales of open-loop motors from 2024 to 2025 was primarily attributable to higher sales volume, together with our continued focus on higher-quality projects with relatively higher gross profit margins.

The increase in gross profit and gross profit margin from sales of closed-loop motors from 2023 to 2024 was primarily due to the launch of new products with relatively high gross profit margin for new application scenarios with higher average selling prices in 2024, together with our continued cost-control efforts and economies of scale as revenue expanded, which further improved our gross profit margin. Our gross profit from sales of closed-loop motors increased from 2024 to 2025, while the corresponding gross profit margin decreased slightly over the same period, primarily as we were at the early stage of ramping up production capacity for certain new products with relatively low gross profit margin. Our gross profit from sales of closed-loop motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, primarily due to the increase in revenue from closed-loop motors, while the corresponding gross profit margin decreased primarily due to more competitive pricing arrangements for certain closed-loop motor models.

We recorded gross loss from the sales of other motors in 2023 and 2024 primarily due to the product mix, as sales during these periods mainly consisted of stepper motors, which generated relatively low revenue and resulted in insufficient absorption of production costs. The sales of other motors turned profitable in 2025 primarily due to the mass production and sales of variable-aperture motors for new application scenarios, such as action cameras, which had relatively higher gross profit margins. We recorded gross loss from sales of other motors in the four months ended April 30, 2025 and gross profit in the four months ended April 30, 2026, primarily due to increased sales of other motors applied to non-smartphone application scenarios, including action cameras, UAVs and smart home appliances, which had relatively higher gross profit margins.

Our gross profit and gross profit margin from sales of others increased significantly in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, primarily due to (i) changes in the mix of R&D-related technical service projects, with projects carrying relatively higher gross profit margins making a greater contribution; and (ii) a higher proportion of revenue generated from sales of raw materials, which also carried relatively high gross profit margins.

OUR STRENGTHS

We believe that our business success and market position are underpinned by the following key strengths including our position as a major manufacturer and established participant in the imaging motor field; continuous R&D efforts to build core technological barriers; outstanding capabilities in miniaturization, low power consumption and high performance; customer-centric approach with deep engagement to top-tier resources; diversified product matrix and multi-scenario expansion driving synergistic growth; and mature production and supply chain system ensuring efficient delivery and consistent quality.

OUR STRATEGIES

We plan to implement the following strategies to consolidate and enhance our strong position in the smart sense interaction solution industry including expanding our product portfolio and strengthening our system integration capabilities, further penetrating the high-end market segment and consolidating key customer advantages, increasing our investment in research and development to support technological advancement and mass production capabilities, and upgrading our manufacturing processes and management systems towards greater automation and operational efficiency.

RESEARCH AND DEVELOPMENT

Our R&D Team

To keep pace with rapid developments in precision motor industry, we place strong emphasis on technological innovation. We have established R&D facilities in both China and Japan. Our R&D strategy is designed to align with the product roadmaps and application needs of our end customers, thereby facilitating the commercialization of our new products. Building on years of accumulated know-how in

motor design and precision component manufacturing, we focus on researching and developing high-speed, high-precision and miniaturized drive solutions for both imaging and non-imaging applications. During the Track Record Period, we focused on the R&D of (i) imaging motors, including long-focus and variable-focus camera motors and piezoelectric actuators; and (ii) non-imaging motors, such as next-generation precision micro motors.

We actively track industry and market trends to improve production efficiency, enhance reliability and manage cost. We have made, and will continue to make, substantial investments in R&D activities. In 2023, 2024, 2025, and the four months ended April 30, 2025 and 2026, our R&D expenses amounted to RMB61.0 million, RMB76.9 million, RMB124.5 million, RMB40.3 million and RMB47.3 million respectively, accounting for 7.1%, 4.9%, 6.4%, 6.9% and 6.8% of our revenue for the respective periods. As of April 30, 2026, we employed approximately 352 R&D personnel. Our core R&D staff possess extensive expertise in motor design, electronic control systems, and related precision manufacturing technologies. We have instituted structured talent development combining onboarding programs and internal technical training. For details, please see "Business – Research and Development" in this document.

OUR PRODUCTION

In line with our development strategy, we have prioritized standardized, disciplined and efficiency-oriented manufacturing across our micro motor product lines. Our operating model integrates early-stage design, efficient product development process reliability validation, precision assembly and lifecycle support, enabling customized, high-reliability motion components at scale. As of April 30, 2026, we operated two manufacturing bases in Jiaxing and Hefei, China, strategically located to efficiently serve key customers and provide timely logistics and on-site support. To support future growth, we are expanding our production footprint. As of the Latest Practicable Date, we were developing the Nanchang Plant for periscope motors, and the Dongguan Plant for BLDC motors, and the Nanchang plant is expected to be completed in the third quarter of 2026, while the Dongguan plant is being constructed in phases and is expected to be fully completed in 2029. For details, please see "Business – Production" in this document.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

Our direct customers are mainly camera module manufacturers, which primarily supply smartphones and other consumer electronics brands. For most of our imaging projects, these manufacturers purchase our products based on the selection or designation made by end customers. Revenue generated from our largest customer for 2023, 2024 and 2025, and the four months ended April 30, 2026 accounted for 37.9%, 30.7%, 30.4% and 41.7% of our total revenue for the respective years/periods; and our sales to the five largest customers for the same years/periods accounted for 90.5%, 93.7%, 85.4% and 86.2% of our total revenue, respectively.

Among our top five customers during the Track Record Period, OFILM was the first largest customer in 2023 and 2025 and the second largest customer in 2024. Among our top five customers during the Track Record Period, only OFILM was a connected person. For details of our cooperation relationship with OFILM, please see "Relationship with Our Controlling Shareholders – Independence from Our Controlling Shareholders – Operational Independence – Transactions with OFILM". As of the Latest Practicable Date, except OFILM, none of our Directors, their close associates or any of our shareholders (who 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 in each year during the Track Record Period. During the Track Record Period, OFILM was also a supplier of ours. For further details, please see "Business – Marketing, Sales and Customers – Top Customers" and "Business – Overlapping Customers and Suppliers" in this document.

Customer Concentration

As disclosed above, during the Track Record Period, we experienced a relatively high level of customer concentration. According to Frost & Sullivan, our customer concentration observed during the Track Record Period is generally consistent with industry practice and the structural characteristics of the downstream markets we serve, which are dominated by a limited number of leading end customers. Under prevailing industry practice, end customers typically designate both the camera module manufacturer and key component suppliers based on stringent technical and quality assessments, and therefore our customer concentration primarily reflects our success in serving and maintaining relationships with major end customers rather than reliance on the independent decision-making of any single camera module manufacturer. In addition, we believe the risk is mitigated by, among others, our early-stage technical engagement and product integration with customers, the stringent qualification processes and high entry barriers in the imaging motor supply chain, and our established long-term partnerships and track record in quality and delivery. For details, please see "Business – Marketing, Sales and Customers – Top Customers" in this document. Please also see "Risk Factors – Risks relevant to industry and our business – A relatively high proportion of our revenue was generated from our top five customers."

Notwithstanding the foregoing, our Directors recognize that customer concentration may increase our exposure to changes in customer demands and procurement arrangements. To mitigate this risk, we have adopted the following measures: (i) strengthening long-term relationships with major customers through early-stage technical engagement and continuous quality assurance; (ii) proactively expanding and diversifying our customer base by exploring new downstream application fields and engaging potential customers in emerging sectors; and (iii) continuously optimizing our production capacity planning and supply chain management while maintaining ongoing investment in research and development to support product innovation and the expansion of application scenarios.

Major Suppliers

We maintain a stable and diversified supplier network to support the design, development and manufacture of our imaging and non-imaging motor products. We primarily procure raw materials, including precision injection-molded parts such as bases, brackets and carriers, magnets, housings, spring plates, and other auxiliary consumables as well as workforce services. Purchases from our largest supplier for the years ended December 31, 2023, 2024 and 2025, and the four months ended April 30, 2026, accounted for 16.9%, 14.0%, 12.6% and 11.2% of our total purchase amount for the respective years/periods. Purchases from our five largest suppliers for the same years/periods accounted for 49.9%, 47.2%, 36.5% and 36.0% of our total purchases, respectively. For details, please see "Business – Our Suppliers" in this document.

SALES AND MARKETING

During the Track Record Period, we generated revenue from direct sales. Our sales and marketing efforts primarily focus on technical communication and solution demonstrations to target customers. For imaging products, project initiation and motor selection are substantially determined by end customers, including smartphone and other handheld imaging device brands. Once designated, we enter into supply arrangements with camera module manufacturers as our direct customers. For non-imaging products, we usually transact directly with brand customers, who engage us with development needs, discuss motor specifications and intended use, and conduct technical and commercial evaluations. For details, please see "Business – Marketing, Sales and Customers – Sales and Marketing" in this document.

Pricing

In determining the pricing of our products, we consider a range of factors, including strategic importance of the project, our relationship with the customer, market competition for similar products, raw material and manufacturing costs, production complexity and our available capacity and order backlog. Final prices are often determined through tenders organized by end customers or negotiations with direct customers. In these cases, we submit competitive technical and price proposals for evaluation.

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

According to Frost & Sullivan, the imaging motor market exhibits a relatively concentrated competitive landscape, with the top ten manufacturers collectively holding a majority of the market share. In 2024, the top ten manufacturers collectively accounted for approximately 57.0% of the global market share and 75.0% of the market share in China. While Japanese and South Korean enterprises continue to be key players in the global market, the industry is witnessing an acceleration of domestic substitution. Leading domestic manufacturers, including our Group, have established strong competitive advantages through technological breakthroughs, gradually eroding the historical dominance of overseas brands.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of consolidated financial information as of and for the three years ended December 31, 2025 and the four months ended April 30, 2026. We have derived this summary from our audited financial information set forth in the Accountants' Report set out in Appendix I to this Document. The summary financial data set forth below should be read together with our consolidated financial statements and the related notes, as well as the section headed "Financial Information."

Summary of Consolidated Statements of Profit or Loss

The following table sets forth our consolidated statements of profit or loss for the years/periods indicated.

	Year ended December 31,			Four months ended April 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
REVENUE	**855,330**	**1,564,534**	**1,956,824**	**580,935**	**694,460**
Cost of sales	(783,834)	(1,315,182)	(1,630,525)	(495,867)	(583,182)
Gross profit	**71,496**	**249,352**	**326,299**	**85,068**	**111,278**
Other income and gains	18,226	25,125	28,619	8,669	12,269
Selling and distribution expenses	(13,056)	(16,565)	(17,694)	(4,664)	(3,818)
Administrative expenses	(56,254)	(72,521)	(94,503)	(25,454)	(37,044)
Research and development expenses	(60,958)	(76,938)	(124,455)	(40,281)	(47,257)
(Impairment)/reversal of impairment of financial assets, net	(164)	(5,057)	2,785	1,429	(677)
Other expenses	(570)	(727)	(815)	(134)	(846)
Finance costs	(1,401)	(3,231)	(3,598)	(1,688)	(1,612)
(LOSS)/PROFIT BEFORE TAX	**(42,681)**	**99,438**	**116,638**	**22,945**	**32,293**
Income tax credit	12,579	5,317	3,760	2,197	4,155
(LOSS)/PROFIT FOR THE YEAR	**(30,102)**	**104,755**	**120,398**	**25,142**	**36,448**

For details on the accounting treatment of redemption rights of Pre-**[REDACTED]** investments, see "Financial Information – Discussion of Certain Key Items of Consolidated Statements of Financial Position – Paid-In Capital/Share Capital" and note 30 to the Accountants' Report in Appendix I to this document.

Our revenue increased significantly by 82.9% from RMB855.3 million in 2023 to RMB1,564.5 million in 2024 and further increased by 25.1% to RMB1,956.8 million in 2025, primarily due to the increased market demand, expanded product offering and strengthened relationships with our key customers. Our revenue increased by 19.5% from RMB580.9 million in the four months ended April 30, 2025 to RMB694.5 million in the four months ended April 30, 2026, primarily due to sustained demand across our key application scenarios, the continued expansion of our product offering and application coverage, and our ongoing product upgrades and mix optimisation.

Our gross profit increased from RMB71.5 million in 2023 to RMB249.4 million in 2024, and our gross profit margin increased from 8.4% in 2023 to 15.9% in 2024, primarily due to a significant increase in gross profit from the sales of OIS and periscope motors, attributable to (i) a significant increase in revenue, resulted from increased customer demand following the recovery of the smartphone market and our deepened cooperation with customers, and (ii) scaled-up sales and enhanced cost control, which optimized our cost efficiency and in turn elevated gross profit margin. Our gross profit increased from RMB249.4 million in 2024 to RMB326.3 million in 2025, primarily due to a significant increase in gross profit from the sales of closed-loop motors, attributable to increase in sales volume and revenue from new products applied to new application scenarios, and our gross profit margin remained stable at 15.9% and 16.7% in 2024 and 2025. Our gross profit increased from RMB85.1 million in the four months ended April 30, 2025 to RMB111.3 million in the four months ended April 30, 2026, primarily due to the increased revenue from the relevant products and services, and our gross profit margin increased from 14.6% in the four months ended April 30, 2025 to 16.0% in the four months ended April 30, 2026, primarily due to the higher contribution from closed-loop motors, changes in the mix of R&D-related technical service projects and revenue contribution from raw material sales with relatively high gross profit margins, together with improved profitability of open-loop and other motors following product and project mix optimisation.

Our R&D expenses increased by 61.8% from RMB76.9 million in 2024 to RMB124.5 million in 2025, primarily as we remained committed to in-house R&D and continued to scale up our R&D investment in line with market trends, resulting in (i) an increase in staff costs of RMB29.2 million following our expansion into new R&D areas for non-smartphone applications, the enlargement of our R&D team and an increase in average remuneration, and (ii) an increase in materials consumption of RMB14.5 million as our R&D projects advanced.

We recorded loss for the year of RMB30.1 million in 2023, amid the lingering downturn in the consumer electronics industry following the COVID-19 pandemic, our revenue and gross profit remained relatively limited and were insufficient to cover our operating expenses. In addition, we were still at an early stage of business transformation and expansion into new product lines, including OIS and periscope motors, and therefore incurred relatively high upfront investments and R&D expenses. As a result of the foregoing, we achieved turnaround starting from 2024. Our profit for the year amounted to RMB104.8 million in 2024 and RMB120.4 million in 2025. See "Financial Information – Comparison of results of operations."

The table below sets forth a breakdown of our revenue from sales of our motors by downstream application for the years/periods indicated:

	For the Year Ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	RMB'000		*RMB'000*		*RMB'000*		*RMB'000 (Unaudited)*		*RMB'000*	
Smartphones	785,599	93.1	1,429,910	91.8	1,540,932	79.0	511,471	88.4	511,307	75.6
Handheld imaging and action camera	16,793	2.0	68,337	4.4	337,199	17.3	49,944	8.6	129,020	19.1
Security and surveillance	37,038	4.4	46,119	3.0	45,040	2.3	11,034	1.9	11,780	1.7
Smart home	3,217	0.4	11,342	0.7	24,525	1.3	6,301	1.1	16,221	2.4
Others	1,106	0.1	1,308	0.1	1,657	0.1	207	–	8,214	1.2
Total revenue from sales of our motors	**843,753**	**100.0**	**1,557,016**	**100.0**	**1,949,353**	**100.0**	**578,957**	**100.0**	**676,542**	**100.0**

Our revenue from the sales of motors applied to smartphones increased significantly by 82.0% from RMB785.6 million in 2023 to RMB1,429.9 million in 2024, and further increased by 7.8% to RMB1,540.9 million in 2025, primarily due to the recovery in demand in the smartphone market and our deepened cooperation with customers, which led to higher order volume. Our revenue from the sales of motors applied to smartphones remained relatively stable at RMB511.5 million in the four months ended April 30, 2025 and RMB511.3 million in the four months ended April 30, 2026.

Our revenue from the sales of motors applied to handheld imaging and action camera increased significantly by 306.9% from RMB16.8 million in 2023 to RMB68.3 million in 2024 and further increased significantly by 393.4% to RMB337.2 million in 2025, and increased by 158.3% from RMB49.9 million in the four months ended April 30, 2025 to RMB129.0 million in the four months ended April 30, 2026, primarily due to stronger downstream demand under the global digital content creation trend, which supported growth in handheld imaging and action camera.

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,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	**378,780**	**447,429**	**615,722**	**625,968**
Total non-current liabilities	**30,254**	**69,424**	**204,109**	**198,091**
Total current assets	**897,098**	**1,261,887**	**1,298,283**	**1,476,156**
Total current liabilities	**814,086**	**1,095,121**	**1,040,972**	**1,197,382**
Net assets	**431,538**	**544,771**	**668,924**	**706,651**
Net current assets	**83,012**	**166,766**	**257,311**	**278,774**

For details on the accounting treatment of redemption rights of Pre-**[REDACTED]** investments, see "Financial Information – Discussion of Certain Key Items of Consolidated Statements of Financial Position – Paid-In Capital/Share Capital" and note 30 to the Accountants' Report in Appendix I to this document.

Our net current assets increased from RMB83.0 million as of December 31, 2023 to RMB166.8 million as of December 31, 2024, primarily due to (i) an increase in trade and bills receivables of RMB306.4 million, (ii) an increase in cash and cash equivalents of RMB143.9 million, and (iii) an increase in inventories of RMB82.8 million, partially offset by (i) an increase in trade and bills payables of RMB188.1 million, and (ii) a decrease in debt investments at fair value through other comprehensive income of RMB120.8 million.

Our net current assets increased from RMB166.8 million as of December 31, 2024 to RMB257.3 million as of December 31, 2025, primarily due to (i) a decrease in trade and bills payables of RMB67.6 million, (ii) an increase in inventories of RMB51.2 million, and (iii) a decrease in current portion of interest-bearing loans of RMB40.9 million, partially offset by (i) a decrease in restricted cash of RMB79.7 million, and (ii) an increase in other payables and accruals of RMB46.3 million.

Our net current assets increased from RMB257.3 million as of December 31, 2025 to RMB278.8 million as of April 30, 2026, primarily due to (i) an increase in trade and bills receivables of RMB156.1 million, (ii) an increase in inventories of RMB83.2 million, (iii) an increase in financial assets at fair value through profit or loss of RMB50.0 million, (iv) an increase in debt investments at fair value through other comprehensive income of RMB21.8 million, and (v) an increase in prepayments, other receivables and other assets of RMB33.4 million, partially offset by (i) a decrease in cash and cash equivalents of RMB177.2 million, (ii) an increase in trade and bills payables of RMB106.3 million, and (iii) an increase in other payables and accruals of RMB35.1 million.

Our net assets increased from RMB431.5 million as of December 31, 2023 to RMB544.8 million as of December 31, 2024, primarily due to (i) our profit for the year of RMB104.8 million, and (ii) the cost of share-based payments of RMB9.1 million, partially offset by a decrease in exchange differences on translation of foreign operations of RMB0.6 million.

Our net assets further increased to RMB668.9 million as of December 31, 2025, primarily due to (i) our profit for the year of RMB120.4 million, and (ii) the cost of share-based payments of RMB4.0 million, partially offset by a decrease in exchange differences on translation of foreign operations of RMB0.2 million.

Our net assets further increased from RMB668.9 million as of December 31, 2025 to RMB706.7 million as of April 30, 2026, primarily due to (i) our profit for the period of RMB36.4 million, and (ii) the cost of share-based payments of RMB1.6 million, partially offset by a decrease in exchange differences on translation of foreign operations of RMB0.3 million.

Summary of Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the years/periods indicated:

	For the Years Ended December 31,			For the four months ended April 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash (used in)/generated from operating activities	(118,017)	113,060	171,140	(44,028)	(92,811)
Net cash used in investing activities	(24,655)	(89,748)	(207,848)	(69,719)	(88,769)
Net cash generated from financing activities	185,300	120,116	66,679	6,640	4,639
Net increase/(decrease) in cash and cash equivalents	42,628	143,428	29,971	(107,107)	(176,941)
Cash and cash equivalents at the beginning of the year	18,233	60,685	204,604	204,604	234,255
Effect of foreign exchange rate changes, net	(176)	491	(320)	986	(246)
Cash and cash equivalents at the end of the year	**60,685**	**204,604**	**234,255**	**98,483**	**57,068**

Our net operating cash outflows in 2023 were primarily attributable to (i) our net loss for the year, and (ii) an increase in restricted cash placed as security for bank acceptance bills.

Key Financial Ratios

The following table sets forth our key financial ratios as of/for the years/periods indicated.

	As of /For the Years Ended December 31,			As of/For the Four Months Ended April 30,
	2023	**2024**	**2025**	**2026**
Revenue growth rate[(1)] *(%)*	N/A	82.9	25.1	19.5
Return on equity[(2)] *(%)*	(7.6)	21.5	19.8	5.7
Return on assets[(3)] *(%)*	(2.7)	7.0	6.6	2.0

Notes:

(1) Revenue growth rate is calculated based on revenue growth for the relevant year/period divided by revenue for the previous year/corresponding period of the previous year and multiplied by 100%.

(2) Return on equity is calculated by the profit for the period attributable to owners of our Company divided by the average of opening and closing balances of the total equity and multiplied by 100%.

(3) Return on assets is calculated based on profit for the period attributable to owners of our Company divided by the average of opening and closing balances of the total assets and multiplied by 100%.

PRE-[REDACTED] INVESTMENTS

We have engaged in Pre-**[REDACTED]** Investments with our Pre-**[REDACTED]** Investors. For further details of the identity and background of the Pre-**[REDACTED]** Investors and the principal terms of the Pre-**[REDACTED]** Investments, see "History, Development and Corporate Structure – Details of the Pre-**[REDACTED]** Investments."

Pursuant to the shareholders subscription agreements entered into prior to the Track Record Period and on January 20, 2023, our Company issued an aggregate of 38,226,031 ordinary Shares to the Pre-**[REDACTED]** investors at a total net cash proceeds of approximately RMB655 million (collectively the "**Pre-[REDACTED] Investments**"). Additionally, pursuant to the share transfer agreements entered in December 2021 and January 2022, Shenzhen Hezheng transferred a total of 7,744,888 ordinary Shares to certain Pre-**[REDACTED]** investors for a total consideration of RMB174 million. Pursuant to the above agreements, the Pre-**[REDACTED]** Investors were granted by our Company with special rights ("**Special Rights**") which included redemption rights and liquidation preferences rights. There was no exercise of redemption rights and liquidation preferences rights granted by our Company throughout the Track Record Period.

On August 19, 2025 and December 23, 2025, our Company and the Pre-**[REDACTED]** investors subsequently entered into supplemental agreements, agreeing that the redemption rights and liquidation preference rights granted by our Company to Pre-**[REDACTED]** investors have been irrecoverably terminated and shall be *void ab initio*, respectively. Taking into account the legal and regulatory framework of our 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 Track Record Period.

Had the Special Rights granted by our 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 in December 2025.

(i) the redemption financial liabilities, total current liabilities, net current liabilities and net deficits would have been:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Redemption financial liabilities	994,205	1,059,717	1,126,037
Total current liabilities	1,808,291	2,154,838	2,167,009
Net current liabilities	(911,193)	(892,951)	(868,726)
Net deficits	(562,667)	(514,946)	(457,113)

(ii) the finance costs associated with the redemption financial liabilities, the net losses/profits for the year/period, basic and dilutive loss/earnings per share would have been:

	Year ended December 31,			Four months ended April 30,
	2023	**2024**	**2025**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Financial costs associated with the redemption financial liabilities	66,894	65,512	66,320	21,804
Total net (losses)/profits	(96,996)	39,243	54,078	3,338
Basic and dilutive (loss)/earnings per share *(expressed in RMB)*	(0.91)	0.37	0.51	0.03

[REDACTED]

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Dr. Cai, Shenzhen Hezheng, Mr. Cai, Shenzhen Changxin, Jiashan Changxin, Hefei Jiatou held approximately 7.50%, 27.04%, 9.88%, 8.33%, 3.38% and 0.83% of the total issued share capital of the Company, respectively. Shenzhen Hezheng is wholly owned by Dr. Cai. Mr. Cai is the general partner of Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou, and held approximately 97.31%, 15.08% and 1.13% of the equity interests in Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou, respectively.

Pursuant to an acting-in-concert agreement entered into among Dr. Cai, Shenzhen Hezheng, Mr. Cai and Shenzhen Changxin (together, the "**Concert Parties**") dated November 5, 2024, all the Concert Parties confirmed and agreed to act in concert by aligning their votes at the Board and/or the shareholders' meetings of our Company by following the decisions of Dr. Cai. Therefore, Dr. Cai, Shenzhen Hezheng, Mr. Cai, Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou are our group of Controlling Shareholders, and in aggregate held approximately 56.97% of the total issued share capital of our Company as of the Latest Practicable Date. Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), our Controlling Shareholders will control approximately **[REDACTED]**% of the total issued share capital of our Company and will remain as our Controlling Shareholders upon **[REDACTED]**. Please refer to the section headed "Relationship with our Controlling Shareholders" for further details.

DIVIDENDS

During the Track Record Period, no dividend was declared or paid by us. As of the Latest Practicable Date, we had not established a formal dividend policy or a specified dividend pay-out ratio. After completion of the **[REDACTED]**, our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders subject to the discretion of our Directors, taking into account the operating results, in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As advised by our PRC Legal Adviser, taking into account the aforesaid, during 2023, 2024 and 2025, we had accumulated losses and therefore did not have distributable profits available for dividend distribution. As of April 30, 2026, such accumulated losses had been fully offset and we recorded retained earnings. Nevertheless, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders.

RISK FACTORS

Our business and the **[REDACTED]** involved certain risks, which are set out in the section headed "Risk Factors" in this Document. You should read that section in its entirety before you decide to **[REDACTED]** in the **[REDACTED]**. Some of the major risks we face include: (i) the demand in the end markets of our industry is constantly changing, and if we are unable to respond effectively to these changes, our business, results of operations and financial condition will be materially and adversely affected; (ii) a relatively high proportion of our revenue was generated from our top five customers and loss of any one or more of these customers may materially and adversely affect our business, financial condition and results of operations; (iii) we have significant sales to a connected person, i.e. OFILM, and are subject to risks relating to connected transactions and potential conflicts of interest; (iv) if we fail to research and develop new products or innovate our current product offerings, our business, financial condition and results of operations would be materially and adversely affected; (v) we operate in a highly competitive market, and any failure to compete effectively, maintain our market position, or respond successfully to changes in the competitive landscape could result in a decline in our market share; and (vi) we may not be able to successfully expand into new application scenarios such as low-altitude economy and embodied robotics, and these markets may not grow as fast as expected.

IMPACT OF COVID-19

The COVID-19 pandemic has affected the Chinese and global economy. During the Track Record Period, we had not experienced material disruptions in our production. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, the COVID-19 outbreak did not materially and adversely impact on our business, results of operations and financial condition nor caused material disruption to our supply chain. Our revenue increased from RMB855.3 million in 2023 to RMB1,564.5 million in 2024 and further to RMB1,956.8 million in 2025, representing a CAGR of 51.3%.

[REDACTED] EXPENSE

[REDACTED] expenses represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. Assuming the **[REDACTED]** is not exercised and based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range), **[REDACTED]** expenses to be borne by us are estimated to be approximately RMB**[REDACTED]** (HK$**[REDACTED]**), comprising: (i) **[REDACTED]** fees of RMB**[REDACTED]** (HK$**[REDACTED]**); and (ii) **[REDACTED]**-related expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), which are further categorized into: (a) fees and expenses of legal advisers and accountants of RMB**[REDACTED]** (HK$**[REDACTED]**); and (b) other fees and expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of which is expected to be deducted from equity upon the completion of the **[REDACTED]**. Amongst which, during the Track Record Period, we incurred **[REDACTED]** expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), of which RMB**[REDACTED]**

(HK$**[REDACTED]**) was recognized as administrative expenses in the consolidated statements of profit or loss and RMB**[REDACTED]** (HK$**[REDACTED]**) was directly attributable to the issuance of **[REDACTED]** which is expected to be charged against equity upon **[REDACTED]**. The **[REDACTED]** expenses are expected to represent approximately **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range) and that the **[REDACTED]** is not exercised. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the **[REDACTED]** Range of between HK$**[REDACTED]** and HK$**[REDACTED]** per H Share) and the **[REDACTED]** is not exercised, we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]**. In line with our strategies, we intend to use our **[REDACTED]** from the**[REDACTED]** for the purposes and in the amounts as follows: approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, for the research and development of new products, the upgrade and optimization of technologies, and the establishment of laboratories and technical platforms; approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, for the development of new production base and lines; approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, for advancing the automation and digitalisation of our production lines; and approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, for working capital and general corporate purposes. For details, please see "Future Plans and Use of **[REDACTED]**" in this document.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since the end of the Track Record Period, our business has maintained stable operations and steady growth. We have expanded our customer portfolio by developing business relationship with companies engaged in robotics, intelligent hardware, consumer electronics and retail digitalization solutions. Both production plants are under construction. The Nanchang plant is currently undergoing equipment commissioning and is expected to be completed in the third quarter of 2026, while certain production lines at the Dongguan plant have already commenced operation, certain other production lines are currently undergoing equipment commissioning, and the plant, which is being constructed in phases, is expected to be fully completed in 2029.

In November 2025, we entered into a strategic cooperation agreement with a leading robotics company, pursuant to which we delivered sample motors for use in robotic dexterous hand joints to the customer for testing and evaluation. Under the agreement, we are primarily responsible for the design and manufacturing of motor modules for robotic dexterous hand joints, while the robotics company is responsible for supplying us dexterous dual-arm robotic equipment to upgrade our own production lines and enhance our automation capabilities. The term of the agreement is two years, and it will be renewed automatically for an additional one year unless either party gives written notice of non-renewal at least three months prior to expiry. Following sample testing and evaluation, we commenced commercial sales to this customer in 2026. Specifically, we generated modest revenue from relevant motor development services in the first four months of 2026, and began delivering and recognizing revenue from the sale of these motor modules in May 2026.

We have commenced mass production and shipment of motor products for consumer-grade UAV applications in 2026.

Our Directors have confirmed that up to the date of this document, there had been no material adverse change in our financial or trading position or prospects since April 30, 2026 (being the date of our latest audited financial statements) and there had been no event since April 30, 2026 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 the section headed "Glossary of Technical Terms" in this Document.

"Accountants' Report"	the report from the Reporting Accountants, the text of which is set out in Appendix I to this Document
"affiliate"	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" or "Accounting and Financial Reporting Council"	the Accounting and Financial Reporting Council of Hong Kong SAR
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company, conditionally adopted on December 15, 2025 with effect from the **[REDACTED]**, and as amended from time to time, a summary of which is set out in the section headed "Summary of the Articles of Association of the Company" in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong SAR) on which banks in Hong Kong SAR are generally open for normal banking business

[REDACTED]

"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"Changjiang Securities"	Changjiang Securities Innovation Investment (Hubei) Co., Ltd.* (長江證券創新投資(湖北)有限公司), a limited liability company incorporated in the PRC on December 22, 2016, and a former shareholder of the Company
"China" or "PRC" or "Chinese Mainland"	the People's Republic of China and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong SAR, Macau SAR and Taiwan, China
"CICC Generation Fund I"	CICC Generation (Suzhou) Emerging Industries Equity Investment Fund Partnership (Limited Partnership)* (中金啟辰(蘇州)新興產業股權投資基金合夥企有限合夥)), a limited partnership established in the PRC on June 7, 2017, and a Pre-**[REDACTED]** Investor of the Company
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"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
"Company", or "our Company"	New Shicoh Motor Co., Ltd. (新思考電機股份有限公司) (formerly known as New Shicoh Motor Co., Ltd.* (新思考電機有限公司)), established as a limited liability company in the PRC on September 17, 2014 and converted into a joint-stock company with limited liability on November 26, 2025
"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Cai, Shenzhen Hezheng, Mr. Cai, Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou. For further details, see "Relationship with Our Controlling Shareholders"
"Conversion of Unlisted Shares into H Shares"	the conversion of **[REDACTED]** Unlisted Shares into H Shares on a one-for-one basis upon the completion of **[REDACTED]**. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on [•], 2026 and an application for H Shares to be **[REDACTED]** on the Stock Exchange has been made to the Listing Committee
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Dr. Cai"	Dr. Cai Rongjun (蔡榮軍), a non-executive Director, chairman of the Board and one of the Controlling Shareholders
"EAR"	the Export Administration Regulations, 15 C.F.R. Parts 730 – 774, as administered by the U.S. Department of Commerce, Bureau of Industry and Security
"EIT"	the PRC enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC
"Employee Incentive Platforms"	Jiashan Changxin and Hefei Jiatou, each a pre-**[REDACTED]** employee incentive platform of the Company
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

"FIL"	Foreign Investment Law (中華人民共和國外商投資法) published by State Council in January 2020

[REDACTED]

"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document
"Frost & Sullivan"	Frost & Sullivan, the industry consultant, an independent third party
"FY"	the financial year ended or ending December 31

[REDACTED]

"Group", "our Group", "we", or "us"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	overseas listed foreign share(s) in our ordinary share capital, with nominal value of RMB1.0 each in the share capital of our Company, which are to be subscribed for and traded in HK dollars and for which an application has been made for listing and permission to trade on the Stock Exchange

[REDACTED]

"Hangzhou Huarui"	Hangzhou Huarui Jiayin Equity Investment Partnership (Limited Partnership)* (杭州華睿嘉銀股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 5, 2019, and a Pre-**[REDACTED]** Investor of the Company
"Hefei Jiatou"	Hefei Jiatou Entrepreneurship Management Partnership (Limited Partnership)* (合肥嘉投創業管理合夥企業(有限合夥)), a limited partnership established in the PRC on July 6, 2021, and one of our Controlling Shareholders. It is one of our Employee Incentive Platforms
"Hefei Plant"	One of our production plants in Hefei, Anhui Province
"Heying Tongsheng"	Heying Tongsheng (Wuhan) Business Management Center (Limited Partnership)* (禾盈同晟(武漢)企業管理中心(有限合夥)), a limited partnership established in the PRC on June 16, 2017, and a former shareholder of the Company
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

"Hong Kong SAR" or "HK SAR"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong SAR dollars" or "HK dollars" or "HK$"	Hong Kong SAR dollars, the lawful currency of Hong Kong SAR

[REDACTED]

"Huixin Phase 11"	Huixin Phase 11 Equity Investment (Nanping) Partnership (Limited Partnership)* (匯芯十一期股權投資(南平)合夥企業(有限合夥)), a limited partnership established in the PRC on October 19, 2020, and a Pre-**[REDACTED]** Investor of the Company
"Huzhou Huirui"	Huzhou Huirui Equity Investment Fund Partnership (Limited Partnership)* (湖州匯睿股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on July 3, 2020, and a Pre-**[REDACTED]** Investor of the Company

"IFRS"	International Financial Reporting Standards, as issued from time to time 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]

"International Sanction Legal Adviser"	King & Wood

[REDACTED]

"Jiashan Changxin"	Jiashan Changxin Zhitou Asset Management Partnership (Limited Partnership)* (嘉善長鑫智投資產管理合夥企業(有限合夥)), a limited partnership established in the PRC on August 17, 2018, and one of our Controlling Shareholders. It is one of our Employee Incentive Platforms
"Jiashan Jingkai"	Jiashan Jingkai Tongchuang Equity Investment Partnership (Limited Partnership)* (嘉善經開同創股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 27, 2019, and a Pre-**[REDACTED]** Investor of the Company
"Jiaxing Future Star"	Jiaxing Jiarui Future Star Equity Investment Partnership (Limited Partnership)* (嘉興嘉睿未來之星股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on August 5, 2021, and a Pre-**[REDACTED]** Investor of the Company
"Jiaxing Huaruishengyin"	Jiaxing Huaruishengyin Venture Capital Partnership (Limited Partnership)* (嘉興華睿盛銀創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on June 8, 2020, and a Pre-**[REDACTED]** Investor of the Company
"Jiaxing Huaxing"	Jiaxing Huaxing Equity Investment Fund Partnership (Limited Partnership)* (嘉興驊行股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on July 20, 2018, and a Pre-**[REDACTED]** Investor of the Company

"Jiaxing No. 1"	Jiaxing Jiarui No. 1 Equity Investment Partnership (Limited Partnership)* (嘉興嘉睿壹號股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 13, 2020, and a Pre-**[REDACTED]** Investor
"Jiaxing Plant"	One of our production plants located in Jiaxing, Zhejiang Province
	[REDACTED]
"Joint Sponsors"	Huatai Financial Holdings (Hong Kong) Limited and China International Capital Corporation Hong Kong Securities Limited
"Latest Practicable Date"	June 28, 2026, being the latest practicable date for ascertaining certain information in this Document before its publication
"Lianjin Innovation"	Lianjin Innovation Industry Private Equity Investment Fund (Shenzhen) Partnership (Limited Partnership)* (聯金創新產業私募股權投資基金(深圳)合夥企業(有限合夥)), a limited partnership established in the PRC on December 3, 2018, and a Pre-**[REDACTED]** Investor of the Company
	[REDACTED]
"Listing Committee"	the Listing Committee of the Stock Exchange
	[REDACTED]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
	[REDACTED]
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Cai"	Mr. Cai Zhenpeng (蔡振鵬), an executive Director, vice chairman of the Board and chief executive officer of our Company and one of the Controlling Shareholders
"New Shicoh Hefei"	New Shicoh Motor (Hefei) Co., Ltd.* (新思考電機(合肥)有限公司), a limited liability company incorporated in the PRC on April 29, 2021, and a wholly-owned subsidiary of our Company
"New Shicoh Japan"	New Shicoh Motor Co., Ltd. (Japan)* (新思考電機株式會社), a limited liability company incorporated in Japan on December 15, 2020, and a wholly-owned subsidiary of our Company

"Ningbo Longhuahui"	Ningbo Longhuahui Boyuan Venture Capital Partnership (Limited Partnership)* (寧波隆華匯博源創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on February 8, 2021, and a Pre-**[REDACTED]** Investor of the Company
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"OFILM"	OFILM Group Co., Ltd (歐菲光集團股份有限公司), a limited liability company established in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 002456.SZ), and is controlled by Dr. Cai

[REDACTED]

"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Advisor"	Grandall Law Firm (Shanghai), our legal advisor as to PRC laws
"Pre-**[REDACTED]** Investments"	the Pre-**[REDACTED]** investments in our Company undertaken by the Pre-**[REDACTED]** Investors, details of which are set out in the section headed "History, Development and Corporate Structure" in this Document
"Pre-**[REDACTED]** Investors"	the Pre-**[REDACTED]** investors, details of which are set out in the section headed "History, Development and Corporate Structure" in this Document

[REDACTED]

[REDACTED]

"Primary Sanction"	U.S. sanctions applicable to U.S. persons or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving goods subject to the United States Export Administration Regulations ("**EAR**"), even if performed by non-U.S. persons). Definitions of primary sanctions and secondary sanctions under the laws and regulations of the U.S. are basically consistent with the Sanctions Guidance
"Primary Sanctioned Activity"	any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by a listing applicant incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation
"Promoters"	the promoters for the purpose of the conversion of our Company into a joint stock limited liability company, details of which are set out in the "History, Development and Corporate Structure"
"Document"	this document being issued in connection with the **[REDACTED]**
"Qingchuang Bole Jiuyi"	Qingchuang Bole Jiuyi (Qingdao) Investment Center (Limited Partnership)* (青創伯樂九逸(青島)投資中心(有限合夥)), a limited partnership established in the PRC on January 2, 2020, and a Pre-**[REDACTED]** Investor of the Company
"Qingdao Qingchuang Boleshan"	Qingdao Qingchuang Boleshan Private Equity Fund Partnership (Limited Partnership)* (青島青創伯樂他山私募基金合夥企業(有限合夥)), a limited partnership established in the PRC on March 26, 2021, and a Pre-**[REDACTED]** Investor of the Company
"Reporting Accountant"	Ernst & Young
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdiction"	any jurisdiction that is relevant to the listing applicant and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation
"Relevant Persons"	a listing applicant, together with its investors and shareholders and persons who might, directly or indirectly, be involved in permitting the **[REDACTED]**, trading, clearing and settlement of its shares, including the Exchange and related group companies

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	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)
"Sanctioned Country"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions-related law or regulation of the Relevant Jurisdiction
"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"Secondary Sanctionable Activity"	certain activity by a listing applicant that may result in the imposition of sanctions against the Relevant Persons by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the listing applicant is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction
"Sanctioned Trader"	person or entity that derives 10% or more of its revenue or business activities from transactions with sanctioned targets or with persons or entities in sanctioned countries or territories
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SDN"	any entity designated on the list of Specially Designated Nationals and Blocked Persons
"SEC"	the Securities and Exchange Commission of the United States
"Secondary Sanction"	U.S. sanctions that may be imposed on non-U.S. persons for engaging in specified sanctionable activities, even in the absence of a U.S. jurisdictional nexus
"Series A Financing"	the Series A financing completed in January 2019, the details of which are set out in "History, Development and Corporate Structure – Pre-**[REDACTED]** Investments"
"Series B Financing"	the Series B financing completed in June 2020, the details of which are set out in "History, Development and Corporate Structure – Pre-**[REDACTED]** Investments"
"Series C Financing"	the Series C financing completed in December 2021, the details of which are set out in "History, Development and Corporate Structure – Pre-**[REDACTED]** Investments"

"Series C+ Financing"	the Series C+ financing completed in January 2023, the details of which are set out in "History, Development and Corporate Structure – Pre-**[REDACTED]** Investments"
"SFC"	the Securities and Futures Commission of Hong Kong SAR
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of RMB1.0 each
"Shareholder(s)"	holder(s) of our Share(s)
"Shenzhen Changxin"	Shenzhen Changxin Technology Investment Partnership (Limited Partnership)* (深圳長鑫科技投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 30, 2020, and one of our Controlling Shareholders
"Shenzhen CSRC"	the Shenzhen Regulatory Bureau of the China Securities Regulatory Commission (中國證券監督管理委員會深圳監管局)
"Shenzhen Hezheng"	Shenzhen Hezheng Industrial Investment Co., Ltd.* (深圳和正實業投資有限公司), a limited liability company established in the PRC on November 11, 2020, and one of our Controlling Shareholders
"SZSE" or "Shenzhen Stock Exchange"	the Shenzhen Stock Exchange

[REDACTED]

"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholders"	has the meaning ascribed to it in the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the financial years ended December 31, 2023, 2024 and 2025, and the four months ended April 30, 2026
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[REDACTED]

"United States" or the "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Shares"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.0 each, which is/are subscribed for and paid up in Renminbi
"VAT"	value-added tax

[REDACTED]

"Zhegu Youqi"	Jiashan Zhegu Youqi Equity Investment Partnership (Limited Partnership)* (嘉善浙股優企股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 16, 2021, and a Pre-**[REDACTED]** Investor of the Company
"Zhejiang Huixin"	Zhejiang Huixin Digital Intelligence Venture Capital Partnership (Limited Partnership)* (浙江匯芯數智創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on April 8, 2021, and a Pre-**[REDACTED]** Investor of the Company
"%"	per cent

Unless otherwise specified or the context otherwise requires:

1. *statements contained in this Document assume no exercise of the* **[REDACTED]***;*
2. *all times refer to Hong Kong SAR time;*
3. *references to years, months and days in this Document are to calendar years, calendar months and calendar days, respectively; and*
4. *all data in this Document is as of the date of this Document.*

DEFINITIONS

In this Document, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "controlling shareholder/single largest group of shareholders" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this Document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

In this Document, "" denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organizations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), etc., or another language included in this Document for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

If there is any inconsistency between the English version of this Document and the Chinese translation of this Document, the English version of this Document shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in the English version of this Document which are not in the English language and their English translations, the names in their respective original language shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this Document in connection with our Company and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

"CAGR"	compound annual growth rate
"AF"	autofocus, a function of a camera to automatically focus on a subject
"BIP"	Business Information Planning system, a groupwide business management and reporting platform integrating core operational data with finance and cost accounting
"BLDC (micro) motor"	brushless direct current motor, a motor that uses electronic control to provide stable rotary drive or power output, and can be applied in areas such as smart homes, unmanned aerial vehicles, automobile electronics and robotics
"closed-loop motor"	a type of VCM equipped with position sensors (such as Hall sensors) to detect the position of the lens and provide feedback to the control integrated circuit, enabling faster and more accurate autofocus
"CMOS"	complementary metal oxide semiconductor, a fabrication process that incorporates n-channel and p-channel complementary MOS transistors within the same silicon substrate. CMOS technology is used in chips and for various analog circuits
"continuous-zoom motors"	a precision motor which is used in camera modules that enable smooth and continuous adjustment of focal length, allowing optical zoom across a range of magnifications without discrete steps or image interruption
"embodied intelligence"	intelligent robotic systems equipped with physical bodies that interact with the real world through sensing, movement, and decision-making
"end customer"	the ultimate brand owner or original equipment manufacturer that incorporates camera modules integrated with micro motors into their finished products for sale or commercial deployment. For imaging motor business, end customers primarily include smartphone brands, digital camera and action camera brands, and automotive original equipment manufacturers, etc. These end customers typically define key technical specification and supplier selection. Unless otherwise stated, references to "customers" in this document refer to direct customers, rather than end customers
"FEA"	Finite Element Analysis, a computerized method for predicting how a product reacts to real-world forces, vibration, heat, fluid flow, and other physical effects
"GFA"	gross floor area
"Hall sensor"	a device to measure the magnitude of a magnetic field, used in closed-loop motors to detect the position of the lens
"IECQ QC 080000"	a hazardous substance process management system requirement based on the international quality management system standard ISO 9001

GLOSSARY OF TECHNICAL TERMS

"imaging product(s)"	motor-driven components directly involved in image formation, capture or stabilization
"ISO"	International Organization for Standardization, a non-governmental organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
"ISO 9001"	a standard for quality management systems maintained by ISO
"ISO 14001"	a standard for environmental management systems maintained by ISO
"ISO 45001"	a standard for occupational health and safety management systems maintained by ISO
"MES"	Manufacturing Execution System, a specialist class of production-oriented software that manages, monitors and synchronizes the execution of real-time physical processes involved in transforming raw materials into intermediate and/or finished goods
"NdFeB"	Neodymium-Iron-Boron, a type of rare-earth magnet made from an alloy of neodymium, iron, and boron, characterized by high magnetic strength
"non-imaging product(s)"	motor-driven components used in electronic modules that are not involved in image formation
"OEM"	original equipment manufacturer, the company that produces components, parts, or complete products based on the specific designs, specifications, or brand requirements of another company
"OIS (micro) motor"	optical image stabilization motor, a motor which is used in imaging devices to reduce blurring associated with the motion of a camera lens or sensor during exposure
"open-loop motor"	a type of VCM that drives the lens along the optical axis by balancing electromagnetic force with spring elasticity without a feedback sensor mechanism
"periscope motor"	a motor designed for periscope telephoto camera modules which fold the optical path via prisms to achieve longer focal length without increasing device thickness
"piezoelectric motor"	a type of motor that utilizes the inverse piezoelectric effect to convert electrical energy into mechanical motion, characterized by high precision and rapid response
"PLM"	Product Lifecycle Management, an integrated software platform used by companies to manage product-related data. It covers all stages of a product's development, from initial concept through design, manufacturing, maintenance, and disposal
"QIS"	Quality Information System, a system used to manage incoming/in-process/final inspection records, non-conformance management and corrective actions

GLOSSARY OF TECHNICAL TERMS

"SMA motor" or "Shape Memory Alloy Motor"	shape-memory-alloy motor, a motor that employs the temperature-induced deformation of shape-memory alloys to deliver actuation, featuring immunity to electromagnetic interference
"stepper motor"	a motor that divides a full rotation into a number of equal steps, allowing the motor's position to be commanded to move and hold at one of these steps without any position sensor for feedback
"UAV"	unmanned aerial vehicle
"variable-aperture motor"	a micro motor which is designed to control the opening and closing of camera apertures by adjusting aperture blades, thereby regulating the amount of light entering the camera module to enhance imaging performance under varying lighting conditions
"VCM"	voice coil motor, a type of linear motor that uses electromagnetic force between a coil and permanent magnets to achieve precise positioning, widely used in camera autofocus and stabilization systems

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 or 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," "objective," "target," "schedule," "predict," "aim," "intend", "consider," "would," "continue" and "outlook") are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Document), uncertainties and other factors some of which are beyond our 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: general political, market and economic conditions, including those related to the PRC; any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions; our planned projects and goals; our ability to control or reduce costs; our ability to control our risks; our ability to maintain good relationships with business partners; our business prospects and expansion plans; our ability to successfully implement our business plans and strategies; our financial condition and performance, debt levels and capital needs; our dividend policy; our capital expenditure plans; various business opportunities that we may pursue; changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices; and all other risks and uncertainties described in the section headed "Risk Factors".

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution **[REDACTED]** against placing undue reliance on any such forward-looking statement. 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 or statements 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.

An **[REDACTED]** *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, as well as our financial statements and the related notes, and the "Financial Information" section, before making an* **[REDACTED]** *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your* **[REDACTED]**. *Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.*

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 the section headed "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The demand in the end markets of our industry is constantly changing. If we are unable to respond effectively to these changes, our business, results of operations and financial condition will be materially and adversely affected.

We are a major micro motor manufacturer, engaged in the design, R&D, manufacturing and sales of micro drive motors. During the Track Record Period, a substantial portion of our revenue was derived from imaging motor products used in smartphones and handheld imaging devices. The markets for smartphones and handheld imaging devices are characterized by rapid technological change, evolving industry standards, intense competition, changing consumer preferences, lengthening or shortening replacement cycles and macroeconomic and geopolitical uncertainties. These factors may result in end customers adjusting their camera specifications, reducing the number of camera modules per device, delaying or cancelling new model launches, or shifting to alternative technical solutions or suppliers. Any sustained decline, stagnation or volatility in the demand for smartphones and handheld imaging devices, or any adverse change in product mix or camera-related content in such devices, could lead our customers to reduce, postpone or cancel orders for our motor products, or exert greater pricing pressure on us. If we are unable to timely anticipate and respond to changes in our end markets, successfully diversify our revenue base across different applications or maintain our competitive position in existing programs, our business, financial condition and results of operations may be materially and adversely affected.

In addition, certain end customer industries that utilize micro motors, may experience periods of structural slowdown or contraction as these markets become increasingly mature. Factors such as market saturation, declining unit shipments, extended product replacement cycles, reduced consumer spending, or shifts in consumer demand toward alternative devices or functionalities may result in a sustained reduction in overall industry demand. Any prolonged downturn or contraction in these end markets could further limit growth opportunities for our products and adversely affect business operation, financial condition and results of operations.

A relatively high proportion of our revenue was generated from our top five customers and loss of any one or more of these customers may materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, a substantial portion of our sales is recorded with relatively concentrated direct customers, primarily camera module manufacturers. During the Track Record Period, revenue from our five largest customers in each year/period was RMB774.3 million, RMB1,467.6 million, RMB1,670.0 million and RMB598.4 million, respectively, representing 90.5%, 93.7%, 85.4% and 86.2% of our total revenue for the same periods, respectively, indicating a relatively high concentration of our revenue among our top five customers. In the same periods, revenue from our largest customer in each year/period accounted for 37.9%, 30.7%, 30.4% and 41.7% of our total revenue. Although our Directors

are of the view that we are not unduly reliant on top five customers, our sales to a limited number of major customers are expected to continue to represent a material portion of our revenue in the foreseeable future.

Under our current sales model, end customers have decision-making authority over our product selection and purchasing volumes. If we were to lose any major end customer, or if an end customer were to reduce its orders with us through our direct customers, our business, financial condition and results of operations could be adversely affected. Although our direct customers do not have sole decision-making authority over end customer procurement decisions, any reduction in purchases by our direct customers for any reason would also have an adverse impact on our business and financial performance.

Our customers' purchasing decisions are influenced by various factors beyond our control, including their financial and operational performance, the market acceptance of their products and solutions, competitive pressures, geopolitical tensions and their ability to adapt to technological advancements and regulatory requirements. Our customers may decide to purchase fewer of our products than they did in the past, not to incorporate our products into their devices, delay their purchases, purchase products from our competitors, or alter their purchasing patterns, any of which may adversely affect our business, results of operations and financial condition. Additionally, any adverse developments affecting our major customers, such as declining sales, inventory adjustments, changes in product strategy or operational disruptions, could lead to reduced demand for our products.

We have significant sales to a connected person, i.e. OFILM, and are subject to risks relating to connected transactions and potential conflicts of interest.

OFILM, a leading module manufacturer and supplier for camera modules and optical lenses in China, was one of our top five customers during the Track Record Period. OFILM constitutes our connected person under the applicable Listing Rules, and our transactions with OFILM constitute connected transactions. During the Track Record Period, our revenue generated from OFILM was RMB324.0 million, RMB431.9 million, RMB594.4 million and RMB289.8 million in each period, representing 37.9%, 27.6%, 30.4% and 41.7% of our respective revenue.

We cannot assure you that the proportion of our sales to OFILM will remain significant or increase in the future. We are subject to risks that the interests of OFILM may not always align with those of ours and our other shareholders, and our connected transactions may be subject to potential conflicts of interest, heightened scrutiny from regulators and **[REDACTED]**, and stricter disclosure, approval, annual review and cap requirements under the Listing Rules or other applicable regulations. If we fail to properly manage our connected transactions with OFILM, for example by not fully complying with the relevant requirements on continuing connected transactions, or if the terms of such transactions are perceived as not being on normal commercial terms or fair and reasonable to our independent shareholders, we may be subject to regulatory actions, criticism from **[REDACTED]** or reputational damage. Although OFILM does not have sole decision-making authority over end customer procurement decisions, any reduction in purchases by it for any reason would also have an adverse impact on our business and financial performance. Furthermore, any perceived or actual conflicts of interest involving OFILM may give rise to concerns regarding our corporate governance and independence, which could negatively impact **[REDACTED]** confidence in our Group.

If we fail to research and develop new products or innovate our current product offerings, our business, financial condition and results of operations would be materially and adversely affected.

We believe that our future success will largely depend on our ability to R&D and launch new motor products and innovate our current product offerings, and to successfully anticipate technological changes and market trends and keep pace with them on a cost-effective and timely basis. To keep pace with rapid developments in micro motors and intelligent drive systems, we place strong emphasis on technological innovation and have made, and will continue to make, substantial investments in R&D activities. In 2023, 2024 and 2025, and the four months ended April 30, 2025 and 2026, we incurred RMB61.0 million, RMB76.9 million, RMB124.5 million and RMB40.3 million and RMB47.3 million, respectively, on our design, R&D activities, representing 7.1%, 4.9%, 6.4%, 6.9% and 6.8% of our revenue, respectively, for the same periods.

However, we may encounter practical difficulties in commercializing the results of our design, research and development activities and launching new products as intended, or our design, and the R&D results may not lead to the benefits we expected. If we fail to R&D new products or innovate our current product offerings, our business, financial condition and results of operations may be materially and adversely affected. Further, consumer electronics products in which our imaging motor products are used are characterized by rapid iteration cycles. As end-users' expectations for photographic experience continue to rise, the optical designs, camera module specifications and production technologies and processes adopted by our customers are also undergoing rapid and continuous updates. This trend places increasingly stringent demands on the design and development capabilities, manufacturing capabilities and yield-rate control of camera motor producers. Accordingly, we must continuously enhance our production capabilities, ensure consistent product quality, and maintain the technical ability to respond promptly to customers' customized requirements. The production of camera-related micro motors involves numerous complex processes and requires a high degree of precision manufacturing. If we fail to adjust our production machinery and equipment in a timely and cost-effective manner, or are required to make substantial investments in new production machinery and equipment due to new assembly technologies, product structures or process routes, our business, financial condition and results of operations will be materially and adversely affected.

We operate in a highly competitive market, and any failure to compete effectively, maintain our market position, or respond successfully to changes in the competitive landscape could result in a decline in our market share.

We primarily operate in, and focus on, the micro motor market in the PRC, in particular imaging motors used in camera modules for smartphones and other consumer and industrial electronics, which is highly competitive. Market participants include both international and domestic manufacturers of micro motors and other motion and actuation solutions that are applied in camera modules and other end products. Further, according to Frost & Sullivan, competition in the PRC micro motor market, especially in the imaging motor segment, is expected to intensify as existing players continue to expand their capacities and product offerings. In the event that we are not able to compete effectively against our competitors, some of whom may have greater financial resources, larger production scale, more advanced product design and process know-how and a wider, more diversified and established customer base and sales network, our market share and sales may decline. In order to compete effectively and maintain or grow our market share, we may be forced to, reduce prices, offer more favorable commercial terms to customers, increase expenditures on research and development, and enhance customer services and marketing activities. Any of these measures may in turn put pressure on our gross profit margin and adversely affect our overall results of operations. If we are unable to differentiate our products and technologies, maintain our cost competitiveness or respond in a timely and effective manner to competitive pressures, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to successfully expand into new application scenarios such as low-altitude economy and embodied robotics, and these markets may not grow as fast as expected.

Our products are currently mainly deployed in imaging-related applications in smartphones and handheld imaging devices. In line with our strategy to broaden revenue sources, we plan to further expand into new application scenarios such as low-altitude economy (including motors for UAV gimbals and propulsion systems) and embodied robotics (including micro motors and joint components for robotic arms and dexterous hands), leveraging our existing technology and process platforms. However, these application scenarios are still at a relatively early stage of commercialization, and their future development, regulatory regimes and competitive landscape remain uncertain.

We may face longer customer validation and certification cycles, more stringent requirements on safety, reliability and lifecycle performance, and more complex systems integration compared with our existing imaging motor applications. In order to capture opportunities in low-altitude economy and embodied robotics, we may be required to incur additional research and development, capital expenditure and marketing investments, to customize our products and processes, and to build new application-specific engineering and service capabilities. There is no assurance that we will be able to secure sufficient design-

in projects or mass-production orders in these new application scenarios, or that such business will scale up to a level that meaningfully contributes to our revenue or profitability within the expected timeframe, if at all. In addition, the actual growth of the low-altitude economy and embodied robotics markets may be slower than industry expectations due to factors beyond our control, such as macroeconomic conditions, changes in regulatory policies (including airspace management, safety and data security), technology route shifts, funding constraints of downstream customers, and competition from alternative technical solutions. If the relevant markets do not develop as expected, or if we are unable to establish competitive positions and long-term customer relationships in these new application scenarios, our investments in such areas may not generate the anticipated returns, our diversified growth strategy may not be realized as planned, and our business, financial condition and results of operations may be materially and adversely affected.

Our dependence on a relatively limited number of suppliers for key components and materials and termination of business relationship by our suppliers could result in supply disruptions and prevent us from delivering our products in a timely manner to our customers in the required quantities.

We currently purchase certain of our key components and raw materials for the production of our micro motors from a relatively limited number of suppliers. We usually procure key components and raw materials through purchase orders or short-term arrangements rather than long-term supply contracts with fixed price and volume commitments. As a result, our suppliers may adjust prices or other commercial terms from time to time, reduce the quantities supplied, lengthen lead times or shorten credit periods, and we may have limited bargaining power to resist such changes, especially during periods of tight industry supply, capacity constraints or increases in raw material prices. If the prices of key components or raw materials increase significantly and we are unable to pass such increases on to our customers in a timely manner or at all due to market competition, customer procurement policies or existing commercial arrangements, our cost of sales may rise and our gross profit margin and results of operations may be adversely affected.

If we are unable to reach agreement on pricing or other key terms with our suppliers in the future, or if our suppliers fail to deliver components or raw materials in the agreed quantities, on schedule or in accordance with our quality and technical specifications, we would need to seek alternative supply sources, and in some cases obtain customers' approval for supplier or material substitution. Qualifying alternative suppliers may require a relatively long lead time and additional testing, certification and customer validation, and there is no assurance that such alternative suppliers can be identified or qualified on a timely basis or on commercially reasonable terms. Failure of a supplier to supply key components or raw materials that meet our quality, quantity and cost requirements in a timely manner, failure to maintain our relationships with our major suppliers, or our inability to obtain supplies from alternative sources on a timely basis or on commercially reasonable terms could prevent us from delivering our products to our customers in the required quantities and within the required time frame, impair our ability to manufacture our products and increase our production costs, which could have an adverse effect on our business, results of operations and financial condition.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

During the Track Record Period, we experienced continuous growth in revenue, production scale and product portfolio. As we further expand our imaging motor offerings and develop non-imaging micro motors, and broaden our customer base and application scenarios, we expect our operational footprint, customer and supplier networks and employee base to continue to expand.

We will need to work with a larger number of suppliers and partners efficiently and maintain and further develop mutually beneficial relationships with our existing and new suppliers and partners. At the same time, we will need to recruit, train and retain additional qualified personnel, and manage an increasingly diversified and larger workforce across different functions and locations. To support our business expansion and product diversification, we also need to continuously enhance and upgrade our manufacturing facilities and automation level, information technology and digital systems, as well as

improve our operational, financial, compliance and risk management controls. This includes strengthening our supply chain management, production planning, quality control, inventory management, customer project management and internal reporting systems and procedures, while ensuring that our management team and organizational structure keep pace with the growth in business complexity and scale. These efforts will require significant managerial, financial and human resources, and there is no assurance that we will always be able to allocate such resources in an efficient or timely manner, or that our enhancement measures will be implemented as planned or operate as intended. We cannot assure you that we will be able to effectively manage our growth, that our existing infrastructure, systems, procedures and controls, or any new measures adopted to enhance them, will be adequate and successful to support our expanding operations, or that our development strategies and new business initiatives will be executed successfully.

We may not be able to maintain effective quality control systems, which may materially and adversely affect our business, financial condition and results of operations.

We place great emphasis on product quality and have established a comprehensive quality control system for our micro motor products.

The design and continual improvement of our quality control system, the effectiveness of our quality-related training programs and our ability to ensure that our employees strictly adhere to our quality control policies, procedures and guidelines are critical factors affecting our operational performance and the quality and reliability of our products. Given that the production of our products involves numerous process steps and stringent precision and consistency requirements, any significant failure, loophole or deterioration in our quality control system could result in an increase in defect rates, product recalls, customer complaints, warranty claims or even termination of customer projects. Any such events may cause us to incur additional rework, scrap, logistics and compensation costs, delay deliveries to customers and adversely affect our reputation, business relationships, business, financial condition and results of operations.

Our major customers and potential customers may regard such certifications as an important indicator of our quality management capability and as a prerequisite for supplier qualification. Any significant failure or deterioration of our quality control system, or any failure to maintain effective implementation of our quality management procedures, may result in adverse audit findings by certification bodies or customers, which could in turn lead to suspension, downgrade, loss or failure to renew such certifications. If we lose, or fail to renew, any of our key quality certifications, or if our quality management performance falls short of our customers' expectations, our reputation, competitiveness and prospects may be materially and adversely affected and we may lose existing or potential business opportunities.

We may face risks associated with defective products and the unsatisfactory performance of our products after sales.

Our products are micro motors and related components that are integrated into camera modules and a variety of end products, including smartphones and other handheld imaging devices, security and surveillance equipment, consumer-grade UAVs, robotics including embodied robotics, smart home devices and automotive electronics. If our products fail to perform as expected, are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in project delays, production line disruptions, recalls, product malfunctions or other damages or adverse effects at our customers or end customers, we may be exposed to product quality claims. If our products do not meet specifications or requirements enforced by domestic or overseas regulators or requested by our customers (as the case may be), including electrical, safety, reliability or environmental requirements, we may be subject to product quality claims, contractual claims, warranty obligations, recalls, replacements, returns, pricing adjustments or litigation. During the Track Record Period, we did not receive any product quality claim. Any product quality claim, whether or not relating to project delays or damages, or any related regulatory or customer action, could prove costly and time-consuming to handle or defend and could adversely affect our brand reputation and our relationship with our customers. If successful, product quality claims may require us to pay substantial damages, compensation, penalties or bear recall and other associated costs.

Furthermore, certain product quality issues may be caused, in whole or in part, by defects in parts, components or raw materials purchased from third-party suppliers, or by design changes or process requirements specified by customers. Such third-party suppliers may not indemnify us for defects in their parts and components, may only provide limited indemnification that is insufficient to cover our losses, or may themselves lack the financial resources to honour their indemnity obligations. In addition, it may be difficult in practice to determine and prove the respective responsibilities of us, our customers and our suppliers for a particular quality issue, and we may be required to bear a significant portion of the resulting losses in order to preserve important customer relationships.

We may experience shortage of supply for certain raw materials and components and if our suppliers fail to notify us in advance, our business, financial condition and results of operations may be materially and adversely affected.

We generally maintain inventory levels of certain raw materials and components commonly used in our production process, for around one to two months, in order to support our production needs as well as to make prototypes for new products for our own design, research and development purposes. During the Track Record Period, we did not experience any material shortage of supply for key raw materials.

However, we may encounter shortages in the supply of certain raw materials and components from time to time, for example due to capacity constraints at suppliers, fluctuations in demand from downstream electronics sectors, volatility in upstream raw material prices, logistics disruptions or other unforeseen events. If any of our suppliers experiences supply interruptions, capacity constraints, quality issues or significant delivery delays, or if they are unable or unwilling to continue to supply raw materials or components to us on terms acceptable to us, our existing inventory levels may not be sufficient to fully mitigate such disruptions. In particular, if our suppliers fail to notify us in advance of any expected shortage or reduction in supply, we may not be able to adjust our procurement and production plans in a timely manner. As a result, our production schedules and ability to deliver products to our customers in the required quantities and within the required time frame may be adversely affected, which in turn may have a material adverse effect on our business, financial condition and results of operations.

Failure to maintain optimal inventory level could increase our inventory holding costs, which could have a material and adverse effect on our business, financial condition and results of operations.

Effective inventory management is critical to supporting our business expansion and ensuring the timely delivery of solutions to our customers. Our inventory primarily consists of raw materials, work-in-progress and finished goods. As of December 31, 2023, 2024 and 2025, and April 30, 2026, we had inventories of RMB122.2 million, RMB205.0 million, RMB256.2 million and RMB339.4 million, respectively. During the Track Record Period, our historical write-down of inventories amounted RMB7.4 million, RMB11.0 million, RMB10.0 million and RMB14.1 million in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively.

Our ability to accurately forecast customer demand and manage inventory levels effectively could be impacted by a variety of factors, including the rapidly evolving nature of the markets in which we operate, shifts in customer demand for our solutions and disruptions caused by health epidemics or other unforeseen events. If we maintain inventory levels in excess of actual demand, we may face risks of inventory write-downs or write-offs, as well as the possibilities to sell excess inventory at discounted prices, which could negatively affect our profitability and financial condition. Conversely, if we fail to maintain adequate inventory levels to meet customer demand, we may be unable to deliver solutions in a timely manner, leading to strained customer relationships, reputational harm and missed revenue opportunities. Accordingly, failure to accurately forecast market demand for our solutions and maintain an optimal inventory level may materially and adversely affect our business, financial condition and results of operations.

We are exposed to the risk of inventory obsolescence, which may adversely affect our cash flow and liquidity.

Our inventories primarily comprise raw materials, work-in-progress and finished goods. As of December 31, 2023 and 2024 and 2025, and April 30, 2026, our inventories amounted to RMB122.2 million, RMB205.0 million, RMB256.2 million and RMB339.4 million, respectively. Our average inventory turnover days were 47.0 days, 44.8 days, 50.9 days and 61.3 days in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively.

Our inventory levels have increased as our business expands. Any increase in inventory may place pressure on our working capital and increase our exposure to inventory obsolescence. If we fail to manage our inventory efficiently, our liquidity and cash flow may be adversely affected. In addition, as we increase purchases of raw materials and finished goods to support business growth, the risk of inventory obsolescence may increase. Furthermore, any unexpected or adverse changes in storage conditions at our warehouses may accelerate the deterioration of our inventories and increase the risk of obsolescence. Any unexpected changes in economic conditions or customer demand may result in excess or obsolete inventories, which could lead to inventory write-downs or write-offs. Obsolete inventories may also negatively affect our sales and pricing, as we may be required to lower the selling prices of our products to reduce inventory levels, which could result in lower profit margins. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

If we are unable to maintain high utilization of our production facilities, our profitability may be adversely affected, particularly if there is industry overcapacity.

High utilization of production facilities is crucial for spreading fixed manufacturing costs over a larger quantity of products. For the utilization rate of our products during the Track Record Period, please see "Business – Our Production – Utilization Rate."

There is no assurance that we will be able to maintain similar utilization levels in the future. Various adverse factors, such as fluctuations in downstream demand, changes in product mix, excess capacity, equipment malfunction, interruptions in utility availability and quality control deficiencies, could negatively affect our facility utilization and overall operating efficiency. Furthermore, we are expanding production capacity in anticipation of future demand. If customer demand declines significantly, if we fail to secure sufficient new orders to fill our expanded capacity, or if we misjudge the timing or scale of our capacity expansion, certain of our production facilities or lines may become idle or significantly underutilized. Prolonged underutilization or idling of facilities may lead to lower production efficiency, higher unit fixed costs, difficulties in retaining skilled workers and, in more severe cases, impairment or write-off of our production facilities and equipment. Any downturns resulting from production overcapacity or other market demand factors could materially and adversely affect our business, financial condition and results of operations.

Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, our products are mainly offered to our downstream customers in China. During the Track Record Period, our revenue generated from overseas is insignificant to our total revenue. Although our overseas markets are limited, we may have expansion plans in the future and may face increased international trade policies, geopolitics and trade protection measures, export controls, and economic or trade sanctions ("**international trade**") risks. In the event that any of the countries or regions which are relevant to our expansion impose additional economic sanctions, export control measures, enforce import restrictions or tariffs in relation to our products, our business and operations may be adversely affected.

Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions and export controls prohibit the provision of products and services to certain countries or regions, governments and persons targeted by U.S. sanctions. European Union sanctions also have similar regimes to restrict the provision of products and services to countries or regions, governments and persons on their respective target list.

Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. We take precautions to prevent our products from being provided to any target of the applicable sanctions or export control restrictions. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

Based on International Sanction Legal Adviser's review, during the Track Record Period and up to the Latest Practicable Date, neither we nor our subsidiaries have engaged in any activities restricted by applicable export control, international economic sanctions, nor have we violated any relevant laws or regulations. The related international trade risks do not have a material adverse impact on our business or our listing eligibility. However, we cannot predict how international trade policies in various countries may further evolve or anticipate any potential impacts of subsequent developments in such policies on our business. If we, our customers or other partners are therefore affected by such developments, our business, financial condition, results of operations and financing capability may be materially and adversely affected.

With respect to U.S. outbound investment review regimes, during the Track Record Period and up to the Latest Practicable Date, neither we nor our subsidiaries were subject to restrictions under applicable U.S. outbound investment review regimes based on the current scope of our business and the nature of our products. We do not involve activities in certain sectors such as artificial intelligence, advanced semiconductors or any other sectors currently subject to U.S. outbound investment review regimes, our operations did not fall within the scope of such regimes. Nevertheless, such regulatory frameworks continue to evolve and remain subject to further interpretation and expansion. If our future business expansion, customer base, corporate structure or investment-related activities were to involve jurisdictions, sectors or activities that become subject to outbound investment restrictions or reporting requirements, we may face increased compliance obligations, operational constraints or delays, which could adversely affect our business development, financing arrangements and strategic planning.

Historically, tariffs have led to increased trade and political tensions, between not only the U.S. and China, but also between the U.S. and other countries in the international community. There is significant uncertainty as to whether countries will be able to successfully reach any trade deals with the U.S. rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities between major international economies. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn can significantly impact our business and results of operations.

Consequently, such developments necessitate our increased investments in monitoring policy developments and exploring strategies to mitigate the impact on our operations. Economic sanctions and trade restriction measures (including tariffs) taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products, as, without the impact of additional tariffs, the peers in other countries and regions which are not subject to such tariffs, could potentially gain market share and improve their price competitiveness. The current international trade tensions and political tensions, and any escalation of such tensions, may have a material negative impact on our ability to continue to sell to global customers and further grow our customer base. In addition, as our business is closely interrelated with the performance of our customers' end-use products in the marketplace, if our customers are impacted by restrictive measures of trade protection or export control, our performance and income will be adversely affected. Geopolitical conditions may also lead to heightened restrictions on foreign investments, introducing increased compliance requirements and uncertainty for investors.

Furthermore, in recent years, there have been heightened complexities in international relations. Such tensions could reduce levels of international trade, investment, technological exchange and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers' business, prospects, financial condition and results of operations.

During the Track Record Period, we primarily sold our motor products to customers located in the PRC. However, given the nature of the consumer electronics supply chain, certain of our customers may incorporate our products into their finished products and subsequently export such finished products to overseas markets, including jurisdictions that may impose tariffs, trade restrictions or other trade policies on products originating from the PRC.

As of the Latest Practicable Date, we do not have visibility over the ultimate destinations of our customers' finished products and therefore cannot precisely quantify the extent to which our products may be indirectly exported to jurisdictions subject to such trade policies. To the best of our knowledge and based on our communications with major customers, we are not aware of any material disruption to their procurement from us as a result of tariffs, trade restrictions or other international trade policies during the Track Record Period.

Nevertheless, if major export markets were to impose additional tariffs, import restrictions or other trade barriers targeting products manufactured in the PRC or supply chains involving PRC-origin components, our customers' demand for our products may be adversely affected. In particular, if such measures increase the cost of exporting finished consumer electronics products incorporating our motor engines or otherwise affect our customers' production or export arrangements, our customers may reduce their procurement from us, adjust their supply chains, or request price concessions, which could in turn adversely affect our sales volume, profitability and overall financial performance.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material reduction in orders attributable to international trade restrictions or tariff policies. However, the potential impact of evolving geopolitical developments and international trade policies remains uncertain, and any escalation of such measures could adversely affect our business operations and financial performance in the future.

The success of our business depends on the continuing efforts of our key management and technical personnel, and our business may be severely disrupted if we lose their services.

Our future success depends, to a significant extent, on our ability to attract, train and retain qualified executive officers, engineers and technical personnel, particularly those with expertise in micro motors, imaging and non-imaging drive systems, electronic control and precision manufacturing technologies, as well as those who have established relationships with our major customers. We have placed, and expect to continue to place, strong emphasis on research and development in order to develop proprietary product and manufacturing technologies and to bring to market innovative micro motor products and solutions in response to rapidly evolving customer requirements and technology developments. Accordingly, we must continue to recruit and retain top engineers, technicians and other technical personnel with relevant industry experience. If one or more of our key executive officers, core R&D personnel, senior engineers or experienced technicians are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, especially within a short period of time. As a result, our business and ongoing projects may be severely disrupted, including delays in new product development, customer project implementation and process optimization, and we may incur additional expenses to recruit and retain new personnel or find other suitable replacements.

We may experience deterioration in relationships with our employees, shortage of labor or increase in labor costs, which may have an adverse effect on our results of operations.

Labor costs in the PRC have been fluctuating and may continue to rise. The manufacture of our micro motor products is relatively labor-intensive, particularly in testing and packaging processes. In addition to our own employees, we also procured additional work force services, to support our production activities. Any increase in statutory minimum wages, social insurance and housing fund contribution rates, overtime payment requirements, or general wage levels in the regions where we operate may increase our labor costs. In order to support our business expansion and new product introduction plans, we may also need to offer more competitive remuneration and benefits to attract and retain a sufficient number of production workers, technicians and engineers. Given the competitive nature of the micro motor industry and the pricing pressure from our customers, we may not be able to pass on all or any of such increased labor costs to our customers in a timely manner, or at all. If we are unable to effectively manage our labor costs, our production costs may increase, and our gross profit margin, business, financial condition and results of operations could be materially and adversely affected.

We seek to maintain stable and harmonious labor relations with our employees as we believe our long-term development depends on their experience, skills and familiarity with our production processes. However, we cannot assure you that we will not experience labor disputes, work stoppages, strikes, collective actions or other industrial actions in the future. Any deterioration in our labor relations, or any shortage of suitable labor, whether due to intensified competition for labor in the regions where we operate, pandemics or public health events, changes in PRC labor policies or other factors, could disrupt our production, delay delivery schedules to customers and result in additional costs. In addition, the loss of experienced personnel and the potential leakage of know-how and trade secrets could adversely impact our manufacturing efficiency and product quality. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to obtain or maintain adequate intellectual property rights protection for our core technologies and other trade secrets, which could adversely impact our business, financial performance and results of operations.

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property relating to micro motors, including structural design, control algorithms, materials application, precision manufacturing processes and automation and testing systems. For details of our intellectual properties, please see "Business – Intellectual Properties."

The process of applying for and maintaining intellectual property rights may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable applications at a reasonable cost or in a timely manner, if at all. In addition, we may fail to identify patentable aspects of our R&D outputs, process improvements or design optimisations before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercialising competitive or substitute products or technologies in any or all such fields.

Even if we have identified, filed and prosecuted our intellectual property applications, our applications may not be granted or our intellectual property may be invalidated, narrowed or revoked for multiple reasons, including known or unknown prior art, deficiencies in the applications, lack of novelty or inventiveness of the underlying technology, or successful challenges by third parties. The patent position of micro motor and intelligent actuation solution providers like us may be uncertain because it often involves complex technical, legal and factual considerations, including overlapping claims, cross-licensing arrangements and differing practices among patent offices and courts. As such, we cannot assure you that we will always be able to accurately discern the scope of protection afforded by our patents or obtain adequate and enforceable intellectual property protection with respect to our products and technologies.

Even if our intellectual property applications are approved, they may not be approved in a form that provides us with meaningful protection from competition or with any durable competitive advantage. The grant of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may

be challenged in the courts or patent offices in the PRC and other jurisdictions. Further, although certain extensions or continuation strategies may be available, the life of a patent and the protection it affords is inherently limited. If we fail to maintain, renew or otherwise extend the life of our key patents, or once patent protection for particular technologies expires, we may face increased competition for products based on those technologies.

Moreover, a portion of our know-how, including detailed process parameters, equipment tuning, production line automation solutions and non-patented design optimisations, is protected primarily through trade secrets and internal policies rather than registered intellectual property rights. If our confidentiality, intellectual property management and information security measures are circumvented, breached or otherwise ineffective, our trade secrets and other proprietary information could be disclosed, misused or independently developed by others without our permission. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may be subject to claims from third parties alleging infringement of intellectual property rights or misappropriation.

Our success depends largely on our ability to use and further develop our technologies and know-how relating to micro motors and related solutions without infringing the intellectual property rights of third parties. The validity and scope of claims relating to patents and other intellectual property rights in the fields of micro motors, imaging and non-imaging actuation technologies, and related manufacturing processes often involve complex technical, legal and factual questions and analysis and may be highly uncertain. Although we are not currently aware of any parties pursuing or intending to pursue material infringement claims against us, we cannot assure you that we will not be subject to such claims in the future.

Because patent applications in many jurisdictions are kept confidential for an extended period before they are published, we may be unaware of pending patent applications by other parties that relate to our technologies, products or processes. We may also inadvertently use technologies or know-how that third parties consider to be protected by their patents, utility models, software copyrights or trade secrets. The defense and prosecution of intellectual property suits, patent opposition or invalidation proceedings and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel.

An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, including damages, penalties or settlement payments, require us to seek licenses from third parties (which may not be available on commercially reasonable terms or at all), to pay ongoing royalties, or to redesign our products, adjust our manufacturing processes or cease the manufacture, use or sale of certain products or the use of certain technologies. We may also be subject to injunctions or other equitable remedies that restrict our business activities. Protracted litigation could result in our customers deferring or limiting their purchase or use of our products until resolution of such litigation, or reconsidering their choice of suppliers. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be involved in legal proceedings now and then. Any significant liability claims, could materially and adversely affect our business, financial performance and results of operation.

We may, from time to time, be involved in disputes, lawsuits and various legal, arbitration and administrative proceedings in the ordinary course of our business and operations. Such matters may relate to, product quality and warranty, intellectual property, contracts with customers and suppliers, labor and employment, occupational health and safety, environmental protection, land and property, taxation, securities and compliance matters. We cannot assure you that we will not be involved in various legal and administrative proceedings in the future, which may expose us to additional risks and losses. For details of a pending litigation as of the Latest Practicable Date, please see "Business – Legal Proceedings and Compliance – Legal Proceedings."

We may be required to pay damages, compensation, penalties or fines, or to perform specific obligations or cease certain conduct as a result of judgments, arbitral awards, regulatory decisions or settlement arrangements. In addition, we may have to bear legal and other costs associated with such proceedings, including fees for external advisors and expenses relating to evidence preservation, appraisal and enforcement. Such proceedings may also lead to inquiries, investigations and actions by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of management time and other resources from our business operations.

Any disruption of our business due to judgments, arbitration awards, administrative decisions or settlements against us, or adverse adjudications, regulatory investigations, warnings or other proceedings involving our Company, our Shareholders, Directors, officers or key employees, may materially and adversely affect our reputation, business, financial condition, results of operations and prospects. Even if we ultimately prevail or reach a favorable outcome, we may still incur substantial costs and our reputation may nevertheless be adversely affected.

Our historical results may not be indicative of our future performance and our results of operations, and we may not be able to manage future growth effectively.

The historical financial information included in this document reflects our past performance under specific market conditions and at a particular stage of our development and is not necessarily indicative of our future financial results. Such information is not intended to represent or predict the results of operations for any future periods. Our revenue and profitability in the future may be affected by a variety of factors, many of which are beyond our control, including changes in downstream demand for imaging and non-imaging micro motors, customer procurement strategies, product mix, pricing pressure, raw material and labour costs, technological changes, competition, regulatory developments and macroeconomic conditions.

Our future growth is, to a certain extent, based upon our forward-looking assessment of market prospects in our existing application fields as well as new application scenarios that we plan to develop. We cannot guarantee that our assessments will always prove to be correct or that we will grow our business as planned. Our expansion plans, including the upgrading and expansion of our production facilities, the R&D of new products, may be affected by changes in general economic conditions, the competitive landscape of the industries in which we operate, relevant regulations and policies, and the supply and demand dynamics for our products. If we fail to effectively manage our growth, achieve the necessary level of efficiency in our organisation, or successfully implement our development strategies, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are required to obtain and maintain various approvals, licenses, permits and certifications to operate our business. Any failure to obtain or renew such approvals, licenses, permits or certifications could materially and adversely affect our business and results of operations.

We are subject to PRC laws and regulations that govern, among others, manufacturing operations, environmental protection, occupational health and safety and foreign trade. We are required to obtain and maintain the requisite licenses and approvals required in China and in other jurisdictions where we operate. Compliance with the relevant regulations may require substantial expense and non-compliance may expose us to sanctions and penalties. Moreover, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner as the licenses may only be valid for a limited period of time. Neither can we assure you that these licenses are sufficient to conduct all of our present or future business. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate, we may be subject to various penalties, such as confiscation of the revenue that were generated through unlicensed activities, or the suspension or revocation of our licenses and approvals. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

Our results of operations are subject to seasonality of our customers' product development and launch cycles and may fluctuate.

Our results of operations are subject to seasonality primarily reflecting smartphone launch cycles and major retail promotions, with imaging-related shipments generally higher in the second half of the year, although the extent of such seasonality may vary depending on product release schedules and market conditions. In particular, typically increases around new product launches and peak promotional periods, including October, November, Christmas and the New Year, while production scheduling may be slightly adverse affected by the Chinese New Year holiday in the first quarter. As a result, our financial performance is generally stronger in the second half of the year. As a result of the inherent seasonality of our business, our results of operations may fluctuate from period to period. An analysis of our interim financial performance may not be meaningful due to the seasonality of our sales and period to period comparisons of our operating results may not be reliable indicators of overall trends in our business. We believe that the seasonal variability in our results of operations will continue in the future.

Negative publicity and allegations involving us, our shareholders, Directors, officers, employees and business partners may harm our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

Although we are not a consumer-facing brand, our reputation among camera-module manufacturers, device brands and other business partners is important to our ability to maintain and expand business relationships. Our reputation depends on factors such as the quality, reliability and performance of our micro motor products, our delivery and service standards, our compliance record and our corporate governance. If our products or services fail to meet customer expectations, or if we experience material quality incidents, delivery delays or other operational issues, our reputation and the confidence of our customers may be adversely affected.

In addition, negative publicity or allegations (whether true or not) involving us, our Shareholders, Directors, officers, employees, suppliers, customers, other business partners or the broader micro motor and electronics supply chain industry may harm our reputation. Such publicity could arise from, product quality or safety issues, labour or environmental matters, regulatory or legal actions, corporate governance concerns, or personal misconduct of related parties. Negative publicity may result in loss of customer trust, reduced orders, difficulties in maintaining or establishing business relationships, and increased scrutiny from regulators and other stakeholders, which could in turn lead to higher compliance costs or legal challenges. Any of the above could materially and adversely affect our business, financial condition, results of operations and prospects.

We may be exposed to credit risks arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

During the Track Record Period, we generated most of our revenue from sales of micro motors and related products to customers on credit terms, and we are exposed to credit risks arising from our trade receivables. As of December 31, 2023, 2024 and 2025, and April 30, 2026, our trade and bills receivables amounted to RMB341.4 million, RMB647.8 million, RMB672.1 million and RMB828.2 million, respectively. Although we have adopted credit risk management policies, applied credit assessment procedures and recognise impairment allowances, there is no assurance that our customers or related party debtors will not delay or default on payment, or that the loss allowances we have made will be sufficient to cover actual credit losses. Any significant delay in settlement or default by our customers or related party debtors, or any significant increase in impairment losses on trade receivables, could adversely affect our cash flow, liquidity position and financial condition, and may in turn materially and adversely affect our business and results of operations.

Our financial assets at fair value through profit or loss are subject to fair value fluctuations and the valuation of such assets is subject to uncertainties due to the use of valuation techniques and market observable and unobservable inputs, which may in turn adversely affect our financial performance.

We made investments in certain financial products. As of December 31, 2023 and 2025, we did not hold any such financial assets, while as of December 31, 2024, we recorded financial assets at fair value through profit or loss of RMB20.0 million; as of April 30, 2026, we recorded financial assets at fair value through profit or loss of RMB50.0 million. The fair values of these structured deposits are determined in accordance with our accounting policies on fair value measurement and are affected by factors such as market interest rates and other market conditions. Changes in these factors, or in the valuation techniques and assumptions adopted, may lead to fluctuations in the fair values of such financial assets, and the corresponding fair value gains or losses are recognised in our profit or loss. Although we seek to manage our financial risks in accordance with our financial risk management policies, there is no assurance that we will not incur fair value losses on these instruments. Any material adverse movements in the fair values of our financial assets at fair value through profit or loss could increase the volatility of our reported results of operations and adversely affect our financial performance.

Failure to comply with present or future environmental, safety and occupational health regulations and standards may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to regulations and standards relating to environmental, safety and occupational health matters where we operate. Under these laws and regulations, we are required to maintain safe production conditions and to protect the occupational health of our employees. However, there can be no assurance that we will not experience any material accidents or worker injuries in the course of our manufacturing process in the future.

In addition, our manufacturing process produces pollutants such as wastewater and industrial solid waste. The discharge of such pollutants from our manufacturing operations into the environment, if in violation of relevant regulations, may give rise to liabilities that may require us to incur costs to remedy such discharge. There can be no assurance that the situations that will give rise to environmental liabilities will be discovered, or that any environmental laws adopted in the future will not affect our operating costs and other expenses. Should stricter environmental protection standards and regulations be imposed in the future, there can be no assurance that we will be able to comply with such new regulations. Any increase in the manufacturing costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

We have historically recorded net cash outflows from operating activities, and we may continue to incur such outflows in the future.

In 2023, we recorded net cash outflow from operating activities of RMB118.0 million. For details, please see "Financial Information – Liquidity and Capital Resources – Cash Flows – Net Cash (Used In)/ Generated from Operating Activities." We cannot assure you that we will generate positive cash flows from operating activities in the future. If we continue to incur net cash outflows from operating activities, our working capital may be constrained, which could adversely affect our financial condition. Our future liquidity primarily depends on our ability to generate sufficient cash inflows from operating activities, and to obtain adequate external financing, such as bank loans, on commercially acceptable terms. However, such financing may not be available to us on a timely basis or on favorable terms, or at all. If we fail to obtain sufficient funding when needed, our liquidity, business and financial condition could be materially and adversely affected.

We have incurred net losses in the past and may not be able to maintain profitability in the future.

We incurred a net loss of RMB30.1 million for the year ended 2023. For details, please see "Financial Information – Key Components of Our Consolidated Statement of Profit or Loss and Other

Comprehensive Income – Loss/Profit for the Year." Although we generated net profit in 2024 and 2025, we cannot guarantee that we will be able to maintain profitability in the future. Operating as a growing public company entails significant ongoing costs, and we may incur losses in the future. The extent of any future losses will depend on various factors, including the scale and cost of our research and development initiatives, our ability to generate sufficient revenue, and the level of our operating and administrative expenses. There is no assurance that our revenues will grow at a rate sufficient to offset these costs. Even if we achieve profitability in any future period, our profitability may not be sustainable or consistent. If we fail to maintain profitability, our business, financial condition and prospects could be materially and adversely affected, and our ability to obtain financing, continue our research and development activities or expand our operations may be impaired.

Our historical dividends may not indicate our future dividend policy, and there is no assurance that we will declare and distribute any dividends in the future.

We protect our Shareholders' interest by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of China, the payment of dividends may be subject to certain limitations. Moreover, the calculation of our profit under the China Accounting Standards for Business Enterprises ("**PRC GAAP**") may differ in certain respects from the calculation under the International Financial Reporting Standards ("**IFRS Accounting Standards**"). As a result, even if we report a profit for the year under IFRS Accounting Standards, we may not have distributable profits as determined by PRC GAAP. Additionally, the declaration, payment and amount of any future dividends are subject to the discretion of our Directors after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at a Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of China. Please see "Financial Information – Dividends" for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Our technology infrastructure may experience unexpected system failures, interruptions, inadequacies, security breaches or cyber-attacks.

We rely on our and third-party information technology systems to facilitate communications among our employees and with suppliers and customers and other aspects of our business operations. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during maintenance, power outages, hardware failures, malware attacks or catastrophic events. If the information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. If we do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. In addition, if the information technology systems fail to satisfy additional requirements related to our business expansion, our future growth may be adversely affected.

If government grants or preferential tax benefits we currently receive are reduced or discontinued, our business, financial condition and results of operations could be negatively affected.

During the Track Record Period, we enjoyed certain government grants and preferential tax benefits. We recognised government grants of RMB6.4 million, RMB11.2 million, RMB14.1 million and RMB6.9 million in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively. We were qualified as a high and new technology enterprise and were subject to income tax at a preferential tax rate of 15% during the Track Record Period. In addition, as an advanced manufacturing enterprise, we were eligible for a policy allowing an additional deduction equal to 5% of the deductible input value-added tax ("**VAT**") for the purpose of offsetting VAT payable. During the Track Record Period, the additional VAT deductions we recognized amounted to RMB4.6 million in 2023, RMB8.1 million in 2024,

RMB10.8 million in 2025, and RMB3.4 million in the four months ended April 30, 2026. However, these policies and programmes are subject to changes that are beyond our control and there is no assurance that favourable government policies will continue or that we will remain eligible for similar levels of support in the future. In addition, the timing, amount and conditions of government grants are at the discretion of the relevant government authorities. Government authorities may require us to satisfy specified conditions or perform certain obligations before we can receive or retain such grants, and we cannot assure you that we will always be able to fully satisfy such conditions or obligations. In such cases, the authorities may cease providing subsidies to us or even require us to repay part or all of the government subsidies we previously received. Any reduction, elimination or clawback of government grants could adversely affect our business, results of operations and financial condition.

Failure to pay social insurance and housing provident funds for our employees in accordance with applicable laws and regulations may subject us to penalties.

Companies operating in the PRC are required to participate in various government-sponsored employee benefit plans. For example, according to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), a PRC enterprise is required to set up housing provident accounts and pay the housing provident funds in time and in full for its employees; and according to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a PRC enterprise is required to complete social insurance registration for its employees and to pay the social insurance contribution in time and in full. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for all of our employees. During the Track Record Period, our shortfall of such social insurance and housing provident fund contributions amounted to RMB3.6 million, RMB4.0 million, RMB11.8 million and RMB9.8 million in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively. According to our PRC Legal Advisor, our risk of being subject to large amounts of back payments or major administrative penalties by the relevant authorities is remote. However, there is no assurance that our historical and/or current practice with respect to the contribution of social insurance plans and housing provident funds will satisfy all the requirements set by the competent authorities.

If any of the relevant social insurance authorities determine that we have not made full social insurance contributions for our employees in accordance with applicable laws and regulations, we may be ordered to pay the outstanding amounts within a specified time frame. We may also incur a daily late charge of 0.05% on the overdue amounts from the due date. Failure to make the payment within the prescribed period could result in fines ranging from one to three times the overdue amount. Similarly, if the relevant housing reserve fund authorities believe we have not fully contributed to the housing reserve fund for our employees as required, they may order us to make the outstanding payments within a set time. We estimate that in the event that we were ordered by relevant authorities to make such outstanding payment during the Track Record Period, the maximum late payment fees would be approximately RMB2.03 million as of April 30, 2026. Failure to comply may lead to compulsory enforcement actions by PRC courts.

Furthermore, since labor-related laws and regulations continue to evolve and the government has recently strengthened enforcement of social insurance collection, we cannot guarantee that our employment practices will always fully comply with these laws and regulations. This may expose us to labor disputes or government investigations. Any violation of relevant labor laws could result in fines and penalties, which may materially and adversely affect our business, financial condition, and results of operations.

We may be subject to fines for failure to register some of our leases.

We lease properties mainly for offices and employee dormitories. As of the Latest Practicable Date, four of our leased properties have not completed the required lease registration. Under the Measures for Administration of Lease of Commodity Properties (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We cannot assure you that we

will be able to comply with the relevant laws and regulations by completing all required filings of our existing and future lease agreements in China. We may be required by relevant government authorities to file future lease agreements for registration within a time limit, and may be subject to a fine ranging from RMB1,000 to RMB10,000 for such non-registration exceeding such time limit.

We may not have adequate insurance coverage to fully protect us against potential liability or losses. Consequently, our business, financial performance and results of operation may be materially and adversely affected should any such liability or losses arise.

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. Any uninsured loss or damage to property, litigation or business disruption may result in incurring substantial costs or diverting our resources, which could have an adverse effect on our results of operations. The damages and losses caused by the occurrence of certain incidents, including fire, severe weather, earthquake, war, flooding, power outages may not be adequately covered by our insurance policies, or at all. If we face significant liabilities that exceed the coverage limits of our insurance policies, or if such liabilities are not fully covered by insurance, we may incur substantial costs and losses. These could materially and adversely impact our financial condition and operating results.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases may materially and adversely affect our business, financial performance and results of operation.

Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. An occurrence or recurrence of any of such events could result in disruptions to our operations, which could adversely affect our business, financial condition, results of operations and prospects. Our business operations could be disrupted if any of our employees is suspected of contracting any epidemic disease, since it could require our offices or facilities to be closed for disinfection or other remedial measures, which would adversely delay or disrupt our production schedule, and we may experience raw material shortages or price surges if the operations of any of our suppliers are disrupted by pandemics. Moreover, natural disasters, including earthquakes, floods, landslides and droughts, could result in deaths, significant economic losses and significant and extensive damage to factories, power lines and other properties, as well as blackouts, transportation and communications disruptions and other losses in the affected areas. Any future natural disasters, public health and public security hazards may, among other things, materially and adversely affect or disrupt our operations. Furthermore, such natural disasters, public health and public security hazards may severely restrict the level of economic activity in affected areas, which may in turn materially and adversely affect our business, results of operations and prospects.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in China's economic, political or social conditions or government policies, could have a material and adverse effect on our business and results of operations.

The majority of our business assets are located in China and substantially all of our sales and revenue is currently derived from China. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies with respect to, among other things, quality and safety control, and supervision and administration of companies in our industry. Please see "Regulatory Overview" for details. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Payment of dividends is subject to restrictions under PRC laws and regulations.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

You may face difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC, and the majority of our Directors and executive officers reside in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws.

On July 3, 2008, the Supreme People's Court and the Government of the Hong Kong Special Administrative Region signed the Arrangement between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2008 Arrangement**"). Under the 2008 Arrangement, where any designated court of Chinese Mainland or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of Chinese Mainland or Hong Kong court for recognition and enforcement of the judgment. The 2008 Arrangement took effect on August 1, 2008, but the effectiveness of any action brought under the arrangement remains uncertain. On January 18, 2019, the Supreme People's Court and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region by The Supreme People's Court of The People's Republic of China (《最高人民法院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》) (the "**2019 Arrangement**"), which became effective on January 29, 2024. The 2019 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in Chinese Mainland and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of the 2008 Arrangement which is made before the effective date of the 2019 Arrangement.

In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations and interpretations, a court judgment obtained in the U.S. and any of the other jurisdictions mentioned above may be recognized and enforced in Chinese Mainland or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of court between China and the country where the judgment was made.

We may be subject to filing procedures and other regulatory requirements in connection with this [REDACTED] and further capital raising activities issued by competent authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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 "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archive management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

You may be subject to PRC withholding tax on dividends received from us and PRC income tax on any gains realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises by State Taxation Administration (《國家税務總局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税有關問題的通知》) (Guo Shui Han [2008] No. 897) (國税函 [2008] 897號), dated November 6, 2008, issued by the STA, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 by State Taxation Administration (《國家税務總局關於國税發 [1993] 045號文件廢止後有關個人所得税徵管問題的通知) (Guo Shui Han [2011] No. 348) (國税函 [2011] 348號) dated June 28, 2011, issued by the STA, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides, as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not

entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares by Ministry of Finance of the People's Republic of China and State Taxation Administration (財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) (Guo Shui Han [1998] No. 61) (國稅函 [1998] 61號) issued by the MOF of the PRC and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE (the State Administration for Foreign Exchange of the PRC). We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the **[REDACTED]**, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, results of operations and financial condition, may be affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and the liquidity and market price of our Shares may be volatile.

Prior to the **[REDACTED]**, no public market existed for our H Shares. The initial **[REDACTED]** range to the **[REDACTED]** for our H Shares is the result of negotiations between us and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the market price for our H Shares following the **[REDACTED]**. There is no assurance that an active trading market for our H Shares will develop following the **[REDACTED]** or, if it does develop, that it will be sustained or that the market price for our H Shares will not decline below the initial **[REDACTED]**.

There will be a time gap of several business days between [REDACTED] and the start of [REDACTED] of our H Shares. During this period, holders of our H Shares may be exposed to the risk that trading prices could decline.

The **[REDACTED]** of the H Shares is expected to be determined on the **[REDACTED]**. However, the **[REDACTED]** will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be two Hong Kong business days after the **[REDACTED]**. As a result, **[REDACTED]** may not be able to sell or deal in the **[REDACTED]** during that period. Accordingly, holders of the **[REDACTED]** are subject to the risk that the price of the **[REDACTED]** could decline before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Because the [REDACTED] per H Share is higher than the [REDACTED] book value per H Share, purchasers of our H Shares in the [REDACTED] will experience immediate dilution.

If the **[REDACTED]** of our H Shares is higher than the net tangible book value per H Share immediately prior to the **[REDACTED]**, purchasers of our H Shares in the **[REDACTED]** will experience an immediate dilution. Existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated net tangible assets value per share of their shares.

We have significant discretion in how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with our use of such [REDACTED].

Our management may spend the net **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return to our Shareholders. We plan to use the net **[REDACTED]** from the **[REDACTED]** for purposes including the construction of our manufacturing facilities, product research and development, digitalization and production line upgrades, as well as for working capital and other general corporate purposes. However, our management will have discretion as to the actual application of our net **[REDACTED]**. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net **[REDACTED]** from this **[REDACTED]**.

A significant increase or perceived increase in the supply of our H Shares in the public markets in the future could cause the market price of our H Shares to decline significantly, and/or dilute shareholdings of existing Shareholders.

Future sales of a substantial number of our H Shares, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. Certain amount of the H Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which the **[REDACTED]** in our H Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their H Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any H Shares they may own now or in the future. In addition, certain existing Shareholders of our H Shares are not subject to lock-up agreements. Market sale of H Shares by such Shareholders and the availability of these H Shares for future sale may have a negative impact on the market price of our H Shares.

Our Controlling Shareholders have significant influence over our Company, and their interests may not align with the those of other Shareholders.

Immediately after the **[REDACTED]**, our Controlling Shareholders will own in total **[REDACTED]**% of our issued share capital (assuming the **[REDACTED]** is not exercised). Our Controlling Shareholders will be in a position to exert significant influence over our affairs, and will be able to significantly influence the outcome of any Shareholders' resolution, irrespective of how other Shareholders may vote. The interests of our Controlling Shareholders may not necessarily be aligned with those of other Shareholders. Our Controlling Shareholders may cause us to take actions that are not in the interests of us or our other Shareholders. In the event that the interests of our Controlling Shareholders conflict with those of our other Shareholders, or if our Controlling Shareholders choose to cause us to pursue objectives that would conflict with the interests of our other Shareholders, such other Shareholders could be left in a disadvantageous position by such actions caused by our Controlling Shareholders.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider **[REDACTED]** and **[REDACTED]** additional H Shares or other securities convertible into or exchangeable for our H Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per share. If additional funds are to

be raised through debt financing, certain restrictions may be imposed on our operations, which may further limit our ability or discretion to pay dividends; increase our risks in adverse economic conditions; adversely affect our cash flows; or limit our flexibility in business development and strategic plans.

No assurance can be given as to the accuracy or completeness of certain facts, forecasts and statistics obtained from various government publications, market data providers and other independent third-party sources, contained in this document.

Certain facts, forecasts and statistics in this Document relating to the PRC and global economy and the industry in which we operate are obtained from official government publications or publicly available sources that we believe are reliable. However, we cannot guarantee the quality or reliability of these sources. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the **[REDACTED]** or any of our or their respective affiliates or advisers and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled in or outside the PRC. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

[REDACTED] should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us or the [REDACTED].

The **[REDACTED]** is being made solely on the basis of the information and representations contained in this document, which are true and accurate to the best of our knowledge and belief. Any information not contained in this document should not be relied upon in making an **[REDACTED]** decision with respect to the securities being issued. Prior to the publication of this document, there has been coverage in the media regarding us and the **[REDACTED]**, which may have contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. **[REDACTED]** should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our Company and **[REDACTED]** may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets and the demands of advertisers.

Forward-looking statements 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 publicly to update or otherwise revise the forward-looking statements in this document, 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.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the **[REDACTED]**, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG SAR

According to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong SAR. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong SAR.

Since all our business operations are not principally located, managed or conducted in Hong Kong SAR, and our Directors consider that the relocation of our executive Directors to Hong Kong SAR or the appointment of additional executive Directors who will be ordinarily resident in Hong Kong SAR would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and our Shareholders as a whole, our Company does not, and, for the foreseeable future, will not, have two executive Directors who are ordinarily resident in Hong Kong SAR for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between the Stock Exchange and us by way of the following arrangements:

(i) **Authorized Representatives:** both of our Company's authorized representatives, Mr. Cai and Ms. Ye Jiahong, will act as our Company's principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email. Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

(ii) **Directors:** each Director has provided their mobile phone number, office phone number, fax number (if any) and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives.

Each of our Directors not ordinarily residing in Hong Kong SAR possesses or can apply for valid travel documents to visit Hong Kong SAR and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

(iii) **Compliance Advisor:** we have appointed Innovax Capital Limited as our Compliance Advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the **[REDACTED]** to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the **[REDACTED]**. Pursuant to the Note of Rule 3A.23, the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that our authorized representatives, Directors and other officers will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and **[REDACTED]** between the Stock Exchange and us.

Any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and/or our Compliance Advisor; and

(iv) **Legal advisors:** we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong SAR after the **[REDACTED]**.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience," the Stock Exchange will consider the individual's: (i) length of employment with the issuer and other issuers and the roles they played; (ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than 15 hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

Our Company considers that while it is important for the company secretary to be familiar with the relevant securities regulation in Hong Kong SAR, they also need to have experience relevant to our Company's operations, nexus to the Board and close working relationship with the management of our Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who is familiar with our Company's business and affairs as company secretary.

We have appointed Mr. Wu Yang and Ms. Ye Jiahong as our joint company secretaries. Since Mr. Wu does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfil the requirements as a company secretary of a **[REDACTED]** stipulated under Rules 3.28 and 8.17 of the Listing Rules. To support Mr. Wu, we have appointed Ms. Ye, an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance, for a three-year period from the **[REDACTED]** so as to enable Mr. Wu to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Wu Yang as our joint company secretary. Pursuant to the Chapter 3.10 of the Guide for New Listing Applicants, such waiver has been granted on the conditions that:

(i) Ms. Ye Jiahong is appointed as a joint company secretary to assist Mr. Wu in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules;

(ii) our Company will further ensure that Mr. Wu has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an **[REDACTED]** **[REDACTED]** on the Stock Exchange. Our Hong Kong legal advisors have provided training to Mr. Wu on the principal requirements of the Listing Rules and the Hong Kong SAR laws and regulations applicable to our Company after the **[REDACTED]**. In addition, Mr. Wu will endeavour to familiarize himself with the Listing Rules, including any updates thereto, during the three-year period from the **[REDACTED]**;

(iii) Mr. Wu has confirmed that he will attend no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of a company secretary of a Hong Kong **[REDACTED]** during each financial year as required under Rule 3.29 of the Listing Rules;

(iv) before the expiry of Mr. Wu's initial term of appointment as the company secretary of our Company, our Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules; and

(v) this waiver will be revoked immediately if and when Ms. Ye ceases to provide such assistance during the three-year period, and we undertake to re-apply to the Stock Exchange for a waiver in the event that Ms. Ye ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to serve as a joint company secretary of our Company. In addition, this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company.

For biographical information of Mr. Wu and Ms. Ye Jiahong, see "Directors and Senior Management" in this Document.

CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute non-exempt and partially-exempt continuing connected transactions of our Company under the Listing Rules upon **[REDACTED]** as described in the section headed "Connected Transactions" of this Document. Our Directors consider that strict compliance with the applicable requirement under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied for, [and the Stock Exchange has granted to us,] a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules once the Shares are **[REDACTED]** on the Stock Exchange in respect of such non-exempt and partially-exempt continuing connected transactions. For further details, see "Connected Transactions" in this Document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name (Nationality)	Address
Executive Directors	
Mr. Cai (蔡振鹏) (Chinese)	Building 10, Yunze Jiayuan, Luoxing Subdistrict, Jiashan County, Jiaxing City, Zhejiang Province, PRC
Mr. Zhao Wei (趙偉) (Chinese)	Room 1303, Unit 2, Building 2, Haishang Fenghua Yuan, Luoxing Subdistrict, Jiashan County, Jiaxing City, Zhejiang Province, PRC
Mr. Wang Zaiwei (王在偉) (Chinese)	No. 168, Lane 1558, Xujing Middle Road, Xujing Town, Qingpu District, Shanghai, PRC
Non-executive Directors	
Dr. Cai (蔡榮軍) (Chinese)	Building 2, Hongshu Xi'an Garden, No. 3 Shenwan 1st Road, Nanshan District, Shenzhen, Guangdong Province, PRC
Independent Non-executive Directors	
Dr. Su Haibin (蘇海斌) (Chinese)	Flat A, 5/F, Block 13, Senior Staff Quarters, The Hong Kong University of, Science and Technology, 1 University Road, Sai Kung, New Territories, Hong Kong
Ms. Wong Yan Ki Angel (黃欣琪) (Chinese)	Flat H, 28/F, Tower 7, Century Gateway, 83 Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong
Mr. Leung Ming Yan (梁銘欣) (Chinese)	G/F, Block 11, Ka Wo Garden, Tuen Mun, New Territories, Hong Kong

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center, 99 Queen's Road Central, Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisors to the Company	*As to Hong Kong SAR and US laws:* **Jia Yuan Law Office** Suites 3502–3503, 35/F, One Exchange Square, 8 Connaught Place, Hong Kong *As to PRC law:* **Grandall Law Firm (Shanghai)** 25–28/F, Suhe Centre, 99 North Shanxi Road, Jing'an District, Shanghai, PRC *As to International Sanction laws:* **King & Wood** 18 Floor, East Tower, World Financial Center, 1 Dongsanhuan Zhonglu, Chaoyang District, Beijing, PRC
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong SAR law:* **Han Kun Law Offices LLP** 43/F., Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong *As to PRC law:* **King & Wood** 28th Floor, China Resources Tower, 2666 Keyuan South Road, Nanshan District, Shenzhen, Guangdong, PRC
Reporting Accountants	**Ernst & Young** *Certified Public Accountants and Registered Public Interest Entity Auditor* 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717, Nanjing West Road, Shanghai, PRC
Internal Control Consultant	**Ernst & Young (China) Advisory Limited** 16/F, China Resources Building, No. 5001 Shennan Dong Road, Shenzhen, PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office, Address of Head Office in the PRC

1st Floor, Building 3, 58 Jinjia Avenue
Huimin Sub-district, Jiashan County
Jiaxing City, Zhejiang Province
PRC

Principal Place of Business in Hong Kong SAR

31/F., Tower Two, Times Square
1 Matheson Street Causeway Bay
Hong Kong

Company's Website

www.new-shicoh.com
(the information contained on the website does not form part of this Document)

Joint Company Secretaries

Mr. Wu Yang (伍揚)
1st Floor, Building 3,
58 Jinjia Avenue
Huimin Sub-district, Jiashan County
Jiaxing City, Zhejiang Province
PRC

Ms. Ye Jiahong (叶嘉紅)
(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)
31/F., Tower Two
Times Square, 1 Matheson Street,
Causeway Bay
Hong Kong

Authorized Representatives

Mr. Cai Zhenpeng (蔡振鵬)
Building 10, Yunze Jiayuan
Luoxing Subdistrict, Jiashan County
Jiaxing City, Zhejiang Province
PRC

Ms. Ye Jiahong (叶嘉紅)
31/F., Tower Two
Times Square, 1 Matheson Street,
Causeway Bay
Hong Kong

Audit Committee

Ms. Wong Yan Ki Angel (黃欣琪)
(Chairwoman)
Dr. Su Haibin (蘇海斌)
Mr. Leung Ming Yan (梁銘欣)

Remuneration Committee

Mr. Leung Ming Yan (梁銘欣)
(Chairperson)
Dr. Cai (蔡榮軍)
Dr. Su Haibin (蘇海斌)

Nomination Committee

Dr. Cai (蔡榮軍)
(Chairperson)
Ms. Wong Yan Ki Angel (黃欣琪)
Mr. Leung Ming Yan (梁銘欣)

Compliance Advisor

Innovax Capital Limited
Room B, 13/F
Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

[REDACTED]

Principal Bank

Industrial and Commercial Bank of China Limited Zhejiang Yangtze River Delta Integrated Development Demonstration Zone Branch
8 Jiefang East Road, Weitang Subdistrict
Jiashan County, Jiaxing City
Zhejiang Province, PRC

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by the Company. The Company believes that the information has been derived from appropriate sources and has taken reasonable care in extracting and reproducing the information. The Company has no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by the Company or any of its respective directors, officers or representatives or any other party involved in this circular nor is any representation given as to its accuracy or completeness.

OVERVIEW OF GLOBAL MOTOR MARKET

Definition and Classification

An electric motor is formally defined as an electromechanical device that converts electrical energy into mechanical energy. The fundamental operating principle for most motors involves the interaction between a magnetic field and an electric current to generate force, typically in the form of rotational torque, to drive a connected mechanical load. As foundational components of modern technology, electric motors are integral to a vast array of applications spanning industrial machinery, consumer electronics, automotive systems, and medical devices.

The classification of electric motors is governed by internationally recognized standards established by the International Electrotechnical Commission (IEC), which provides a comprehensive framework for rotating electrical machinery under its IEC 60034 series of standards. While motors can be categorized by various technical attributes, a commonly adopted method within the industry, based on physical size, classifies them by the outer diameter of the motor stator core. Generally:

(i) *Large Motors:* Stator core outer diameter exceeding 1,000 mm.

(ii) *Medium Motors:* Stator core outer diameter ranging from 500 mm to 1,000 mm.

(iii) *Small Motors:* Stator core outer diameter ranging from 100 mm to 500 mm.

(iv) *Micro Motors:* Stator core outer diameter of less than 100 mm.

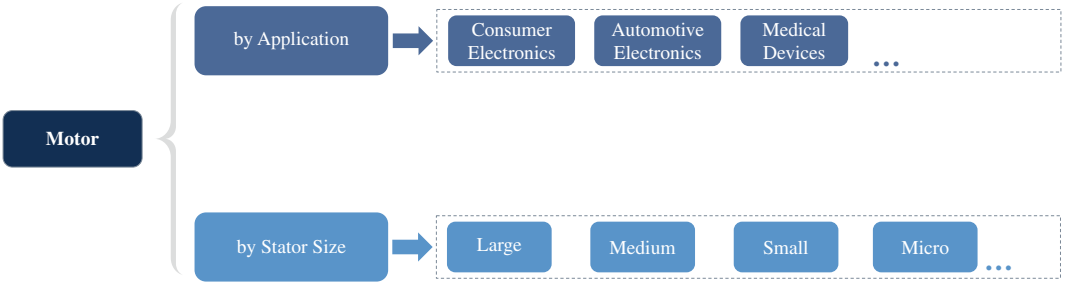

Fig 1. Classification of Motor

Source: Frost & Sullivan

Market Drivers of Global Motor Market

The global motor industry is experiencing sustained growth driven by several transformative technological and societal trends. These drivers are not merely increasing the aggregate volume of motors required but are fundamentally reshaping the technological requirements and application landscape for motor systems across all size categories.

The global transition to electric mobility stands as one of the significant drivers for the electric motor market. According to the International Energy Agency (IEA), this transition creates a dual demand shock: a quantitative increase in the number of motors required and a qualitative demand for higher-

performance, more efficient traction motors. An average electric vehicle contains not just one primary traction motor but a multitude of smaller motors for auxiliary functions, creating further demand across the motor size spectrum. This electrification trend extends beyond passenger vehicles to encompass commercial vehicles, two-wheelers, and other emerging mobility solutions, collectively driving sustained demand for motors of all sizes.

The consumer electronics sector is driving a fundamental expansion in motor demand, characterized not merely by volume growth but, more critically, by increased functionality. This expansion directly translates to an increased density of precision micro motors per device. The primary areas of focus for this technological advancement are smartphones, wearable devices, and the burgeoning Internet of Things (IoT) ecosystem. The camera module, in particular, has become a focal point of innovation, driving significant demand for high-performance Voice Coil Motors (VCM) and Optical Image Stabilization (OIS) systems enabled by highly precise VCM actuators. The broader IoT landscape represents the next major growth frontier for motors, encompassing a vast range of applications from smartwatches and fitness trackers to medical sensors and smart home devices, all of which rely on micro-motors for their core functions.

Increasingly stringent Minimum Energy Performance Standards (MEPS) are driving the global transition from conventional motors to premium-efficiency models. Regulatory bodies worldwide, including the U.S. Department of Energy and the European Commission, are mandating higher efficiency classes (e.g., IE3, IE4, and the emerging IE5 class under the IEC framework). These regulations create a predictable replacement cycle for industrial motors and drive innovation in motor technology, including the adoption of permanent magnet synchronous motors and advanced electronic controls, to reduce energy losses and lower the total cost of ownership for end-users.

Market Size of Global and China Motor Market

The global motor market has demonstrated significant and sustained growth, underpinned by the key secular trends of transportation electrification, the functional upgrading of consumer electronics, and the implementation of stringent energy efficiency regulations worldwide. According to Frost & Sullivan, the market size, in terms of revenue, grew from approximately USD116.3 billion in 2020 to USD165.8 billion in 2025, representing a historical compound annual growth rate (CAGR) of 7.4%. This growth reflects the increasing pervasiveness of electric motors across a wide range of economic sectors. Looking forward, the market is projected to continue its expansion, reaching an estimated USD230.1 billion by 2030, with a forecast CAGR of 6.0% from 2026 to 2030. This continued growth is expected to be driven by the deepening penetration of electric vehicles and the ongoing expansion of industrial automation and smart devices.

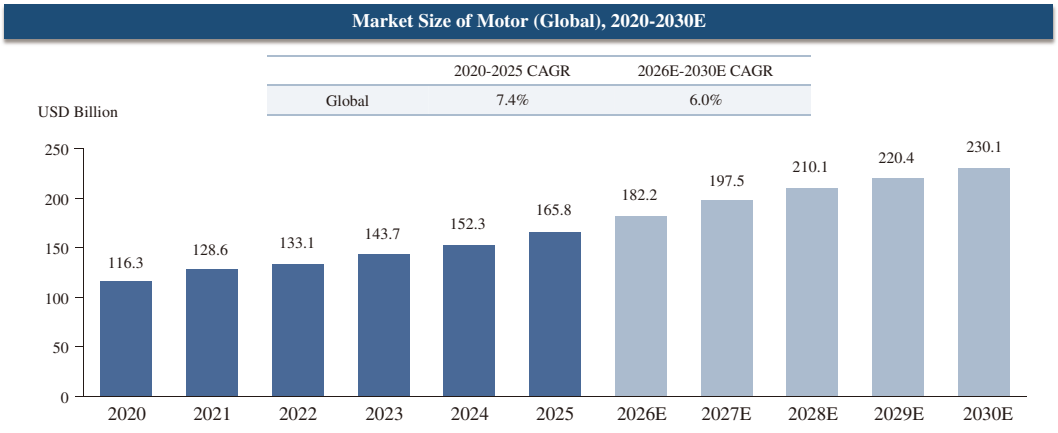

Fig 2. Market Size of Motor (Global)

Source: Frost & Sullivan

China represents a significant and rapidly growing segment of the global motor market. The market in China grew from approximately USD37.6 billion in 2020 to USD55.3 billion in 2025. It is forecast to reach USD78.8 billion by 2030, exhibiting a forecast CAGR of 6.5% from 2026 to 2030. This

indicates that China's motor market is expected to grow at a faster pace than the global average, driven by strong domestic demand in the electric vehicle and industrial automation sectors, as well as supportive government policies. As a result, China's share of the global motor market is projected to increase from approximately 32.3% in 2020 to 34.3% by 2030, reinforcing its position as a key global manufacturing hub and end-market.

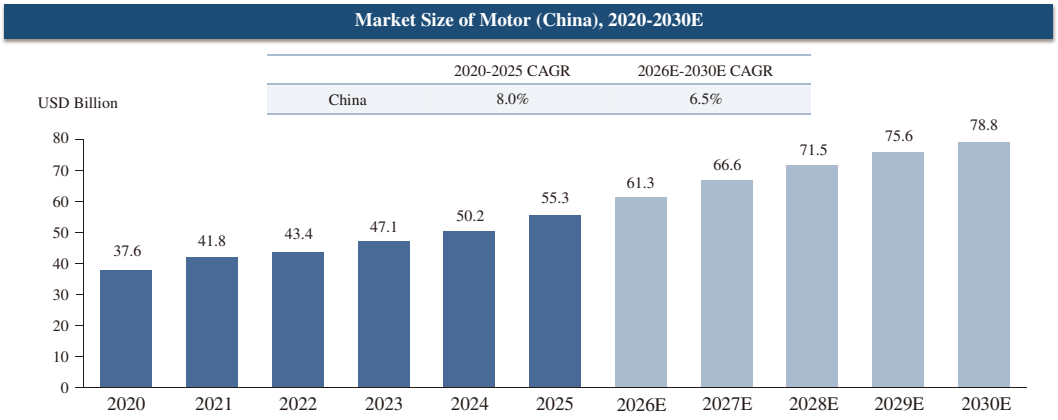

Fig 3. Market Size of Motor (China)

Source: Frost & Sullivan

OVERVIEW OF GLOBAL MICRO MOTOR MARKET

Definition and Classification

A micro motor is a small electric motor designed to produce accurate, high-speed rotation with minimal size and power consumption. The micro motor industry is classified under established industrial classification systems, falling under HSIC Version 2.0 Code 2710 (Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus) in Hong Kong SAR, and NAICS Code 335312 (Motor and Generator Manufacturing) and SIC Code 3621 (Motors and Generators) in North America. A micro motor is generally characterized as an electric motor with a stator core outer diameter of less than 100 mm or a drive shaft center height not exceeding 71 mm. This definition, while not universally standardized across all jurisdictions, is widely accepted within industry practice and technical literature.

Performance metrics for miniature motors commonly adopted within the industry typically encompass miniaturization, power consumption, dynamic performance, and reliability. Specific examples include: physical dimensions, weight, rated power, conversion efficiency, rotational speed (no-load/ loaded), rated torque, positioning accuracy, response speed, stroke length, noise level, vibration amplitude, IP rating, and life decay, temperature drift.

Beyond miniature motors, two additional categories of smaller, more technologically advanced motors exist. However, their commercial maturity and mass production scale fall significantly below that of miniature motors, and they are not covered in detail here. One category comprises ultra-miniature piezoelectric/hollow-cup motors, featuring diameters of φ 1–3mm and nanometer-level precision. These are used in medical endoscopes and precision optics but suffer from high costs and limited mass production. The other category includes nano-electrostatic motors (<1 μm) and molecular motors (<100nm), which remain at the laboratory exploration stage and currently lack large-scale commercial viability. For micro motors, classification by application is a common approach:

By types of imaging application:

Imaging Motors: This category encompasses specialized micro motors that are integral to the functionality of camera modules. The technical demands of these applications-extreme precision, rapid response, and silent operation within a highly constrained physical space-have given rise to a distinct class of actuators.

(i) *AF Micro Motor:* Autofocus (AF) micro motors are specialized actuators, typically Voice Coil Motors (VCMs), designed to precisely move lens elements within a camera module to achieve sharp focus on a subject. These motors must provide rapid, accurate, and repeatable linear motion within an extremely compact form factor. The performance of AF systems is a critical differentiator in the smartphone market, driving continuous innovation in VCM design. As a prime example of a high-growth imaging application, the AF motor market will be discussed in further detail in the subsequent section.

(ii) *OIS Micro Motor:* Optical Image Stabilization (OIS) micro motors are sophisticated actuators that physically move either the lens assembly or the image sensor to compensate for hand tremors and other movements during image or video capture. These systems require extremely precise and responsive multi-axis control, governed by complex algorithms, to counteract unwanted motion in real-time, thereby preventing blurred images and shaky video footage.

(iii) *Other Imaging Micro Motors:* This category includes other specialized imaging micro motor such as periscope motor, zoom motor, and variable aperture motor, etc. Periscope motors, used in high-end smartphones, control the positioning of optical elements in periscope-type camera modules, which employ prisms and mirrors to refract light paths and achieve high-magnification optical zoom in a compact form factor. Zoom micro motors, used in a camera module, drive the movement of lens groups within a camera module to enable optical zoom capabilities, requiring precise, and controlled motion. And the variable aperture motor precisely controls the aperture opening and closing to regulate light intake, offering greater flexibility and adaptability for cinematography.

By types of non-imaging application:

Non-imaging Motors: This category includes a diverse range of micro motors used for control and actuation in applications outside of image capture, where precision, reliability, and efficiency are paramount.

(i) *Positioning Control Micro Motor:* Its core function is to achieve precise positioning, displacement, or angular adjustment across diverse applications, including: Stepper motors provide incremental positioning through discrete stepping motion, used for positioning in industrial, office automation equipment, and security surveillance devices. They feature high torque, long travel, high reliability, and self-locking capability. Actuator motors for position adjustment in smart home systems and automotive electronics' intelligent cockpits, alongside brushless DC motors, servo motors, and cup motors for transmission and displacement drive in robotic joints, dexterous hands, or end-effector components.

(ii) *Power Feedback Micro Motor:* It provides sustained mechanical power or interactive sensory feedback. Vibration motors generate tactile feedback in consumer electronics and gaming peripherals. BLDC motors with electronic commutation deliver high efficiency, extended lifespan, and low noise. These motors serve as propulsion systems for propellers and gimbal stabilization in drones and eVTOL aircraft for low-altitude economy applications, and power cooling fans in automotive electronics and computer hardware systems.

(iii) *Other Non-Imaging Micro Motors:* Specialized motors comprise precision instrument actuators for scientific equipment demanding micron-level accuracy, and biocompatible implantable motors for medical devices such as cardiac assist systems and prosthetic actuators.

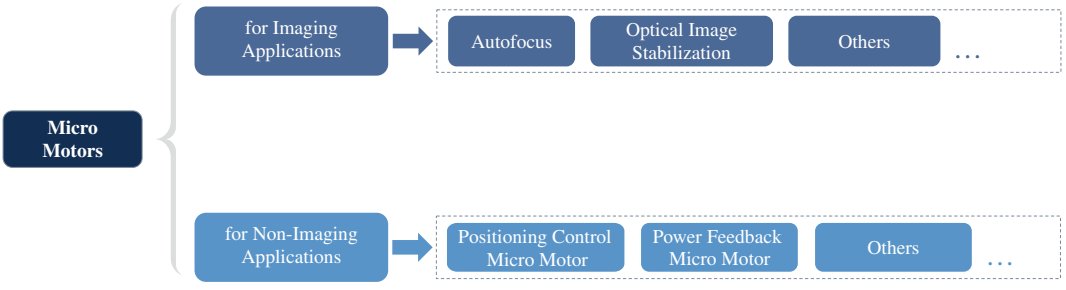

Fig 4. Classification of Micro Motor

Source: Frost & Sullivan

Market Drivers of Global Micro Motor Market

The micro motor market is propelled by powerful secular trends across its primary end-markets. While applications in the automotive and medical sectors provide stable, long-term demand, the consumer electronics sector serves as the principal engine of growth, characterized by high-volume production, rapid innovation cycles, and a continuous drive for functional integration. The consumer electronics industry fosters a self-reinforcing growth cycle for the micro motor market, where the relentless pursuit of miniaturization and enhanced functionality creates ever-expanding demand for smaller, more precise, and more powerful actuators.

The fundamental trend of device miniaturization is a primary catalyst for micro motor demand. Consumer preferences have shifted decisively towards portability and seamless technology integration into daily life, intensifying the pressure on Original Equipment Manufacturers (OEMs) to reduce device size and weight. This trend extends beyond merely making existing devices smaller; it is fundamentally enabling entirely new product categories that were previously not technologically feasible. From camera autofocus mechanisms in smartphones to haptic feedback systems in smartwatches and gaming controllers, micro motors serve as the essential actuators that translate digital commands into physical motion, enabling the modern consumer electronics experience. This dynamic creates a virtuous cycle: as micro motors become smaller and more capable, they enable the creation of new device categories (e.g., wearable health monitors, augmented reality glasses), which in turn expands the total addressable market for micro motors.

As electronic devices become smaller, consumer expectations for functionality increase, leading to a proliferation of features within a single device. Each new function – be it an advanced camera feature, a sophisticated haptic response, or a cooling fan in a compact gaming device – typically requires its own dedicated micro motor for actuation. This creates a "one-to-many" relationship between a consumer product and its internal motors, where the sale of a single device translates into the sale of multiple micro motors. Modern smartphones exemplify this trend, often housing numerous micro motors to power complex camera systems (autofocus and optical image stabilization), haptic feedback engines, and other mechanical functions. This increasing motor content per device serves as a robust volume multiplier for the micro motor market, decoupling market growth from mere unit sales of end-products.

The demand for high-quality mobile imaging has become a significant specific driver for a category of high-performance micro motors. Optical Image Stabilization (OIS) systems, which counteract hand tremors by physically moving the lens or sensor with extreme precision, are now a standard feature in mid- to high-end smartphones. The adoption of OIS is driven not merely by technical specifications, but by tangible user benefits amplified by two key societal and technological trends: the rise of video-centric social media platforms and the deployment of 5G networks that enable seamless high-definition video sharing. These trends have elevated video capture quality from a niche professional concern to a mainstream consumer expectation, directly driving demand for the precision voice coil motors that enable OIS functionality.

Additionally, as the iteration space for traditional innovation dimensions of mobile phone imaging (chips, lenses) is gradually narrowing, the imaging motor has been upgraded to the core innovation carrier of mobile phone imaging. Its functional iteration directly addresses core pain points such as shooting focusing, anti-shake, and high-magnification zoom, and is a key support for the differentiated experience of mobile phone imaging. Meanwhile, the role of the image motor in a single device has shifted from an auxiliary component to a high-value core. With the upgrade of functions and configurations, its value weight in the mobile phone imaging system has continued to increase, eventually becoming the core driver for upgrading the mobile phone imaging experience and competing in the market.

In the non-imaging micro motor segment, robust demand growth is driven by distinct trends across several key end-markets, including industrial automation, and robotics. These applications collectively represent a significant and expanding opportunity for the micro motor industry.

Industrial automation represents a significant driver for non-imaging micro motors. The global transition of many industries into the digital and automated age has been marked by a substantial surge in demand for industrial robots and automation systems. This growth is propelled by the accelerating shift towards Industry 4.0, the pursuit of manufacturing efficiency, and the increasing adoption of collaborative robots in factories and logistics operations. Brushless DC micro motors are critical enablers of precise motion control, multi-axis coordination, and real-time feedback systems required in modern industrial automation. These high-performance motors provide the reliability, efficiency, and control precision necessary for diverse manufacturing applications, including automotive, electronics, and precision assembly. The deployment of brushless micro motors spans a wide range of industrial automation

equipment, from conveyor systems to precision positioning mechanisms, where their superior performance characteristics – high efficiency, extended operational life, low noise, and reliability – are essential for demanding industrial environments.

Robotics and medical applications represent another significant driver for non-imaging micro motors. The robotics sector is experiencing substantial growth, driven by an aging global population, rising incidence of chronic diseases, and surging demand for minimally invasive surgical procedures. Medical robotics encompasses a wide range of technologies that help healthcare professionals deliver more precise, efficient, and minimally invasive care, supporting surgical procedures, patient rehabilitation, patient assistance, and pharmaceutical automation. Technological advancements in surgical robotics, improvements in reimbursement frameworks, and expanding adoption of robotic solutions in hospitals and ambulatory surgery centers are fueling this expansion. Additionally, collaborative robots in manufacturing and service robots in various applications continue to expand the addressable market. Brushless DC (BLDC) motors are particularly well-suited for these applications, delivering the smooth, responsive, and reliable actuation required for dexterous robotic manipulation, surgical control, and precision positioning. These motors excel in scenarios demanding fast response times, smooth operation, and compact form factors – characteristics essential for robotic hands, surgical instruments, prosthetics, and other precision robotic systems. Equipped with closed-loop feedback and precise position control, brushless DC (BLDC) motors further enhance the capabilities of robotic systems by enabling real-time adjustment and dynamic control.

Market Size of Global and China Micro Motor Market

The global micro motor market, a specialized and technologically advanced segment of the broader motor industry, has experienced robust growth. The core driving factors include the explosive demand from downstream sectors such as new energy vehicles, consumer electronics, and industrial automation, as well as technological upgrades such as OIS and brushless motor that enhance product value. The global "carbon neutrality" policies and energy efficiency standards promote the penetration of efficient products. Emerging scenarios such as humanoid robots and the Internet of Things have also opened up additional growth opportunities. Multiple factors working together have driven the expansion of the market. According to Frost & Sullivan, the global market size for micro motors increased from USD23.0 billion in 2020 to USD35.2 billion in 2025, corresponding to a historical CAGR of 8.9%. The market is forecast to sustain this growth, expanding to an estimated USD53.6 billion by 2030, at a forecast CAGR of 8.3% for the period from 2026 to 2030. This growth trajectory underscores the rising importance of micro motors as enabling components for high-value functionalities in a wide range of products.

By imaging and non-imaging applications, the imaging applications segment outpaced the overall market, expanding at a CAGR of 10.3%, while the non-imaging applications segment grew at a CAGR of 8.5%. The imaging applications segment is expected to continue its strong performance with a forecast CAGR of 8.0%, compared to 8.3% for the non-imaging segment. This sustained, differentiated growth underscores the rising importance of micro motors in a wide range of non-imaging scenarios and advanced imaging systems.

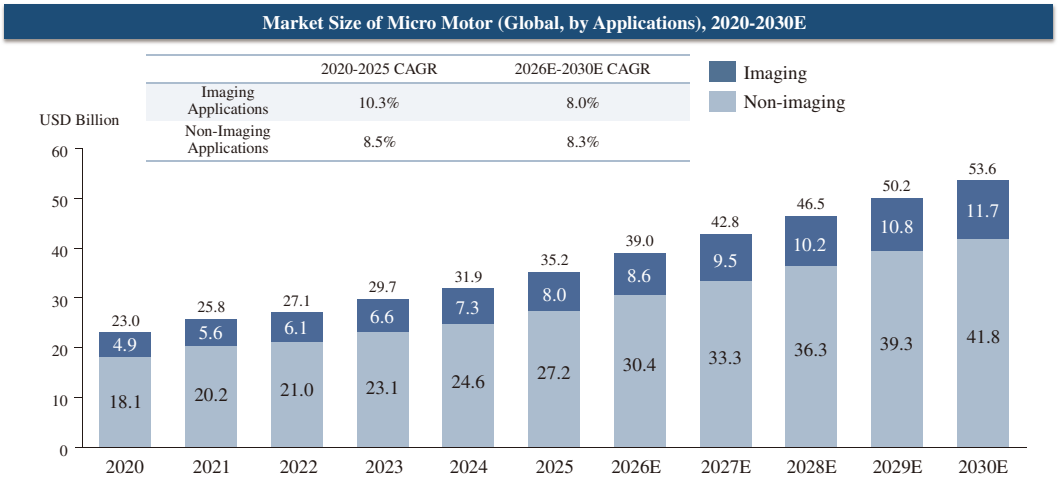

Fig 5. Market Size of Micro Motor by Application (Global, by Applications)

Source: Frost & Sullivan

More specifically, in terms of downstream application industries for micro motors, smartphones and automobiles dominate the market, while sectors such as handheld imaging, robotics are experiencing rapid growth.

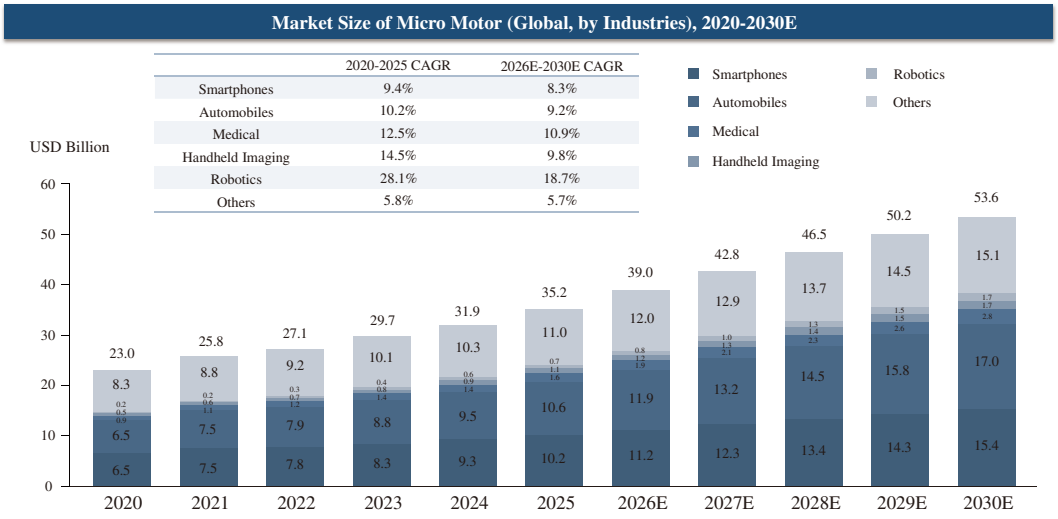

Fig 6. Market Size of Micro Motor (Global, by Industries)

Source: Frost & Sullivan

China has established itself as a globally significant market for the manufacturing and consumption of micro motors, a position that is expected to strengthen further. The micro motor market in China expanded at a remarkable historical CAGR of 10.2% from USD9.2 billion in 2020 to USD15.0 billion in 2025. The market is projected to reach USD23.6 billion by 2030, growing at a forecast CAGR of 9.2% from 2026 to 2030. This expansion has resulted in China's share of the global micro motor market increasing from approximately 40.1% in 2020 to 42.5% in 2025. This share is forecast to further consolidate, reaching approximately 44.4% by 2030. In addition to being driven by global common factors, the Chinese micro-motor market has achieved growth by relying on a complete domestic industrial chain, advantages in new energy vehicles and intelligent manufacturing, as well as domestic demand market explosion and export growth. Policy support has accelerated domestic substitution, and the combination of domestic enterprises' global expansion has made it a core engine for global market growth.

From the perspectives of both imaging applications and non-imaging applications, the Chinese micro-motor market has shown a higher growth rate in imaging application scenarios. The market size increased from USD1.5 billion in 2020 to USD2.7 billion by 2025, with a CAGR of 12.6%. It is expected to grow to USD4.4 billion by 2030, with a CAGR of 10.3%. The non-imaging applications, relying on the huge domestic demand in automotive, smart home, and industrial automation, have provided a solid growth foundation for the market.

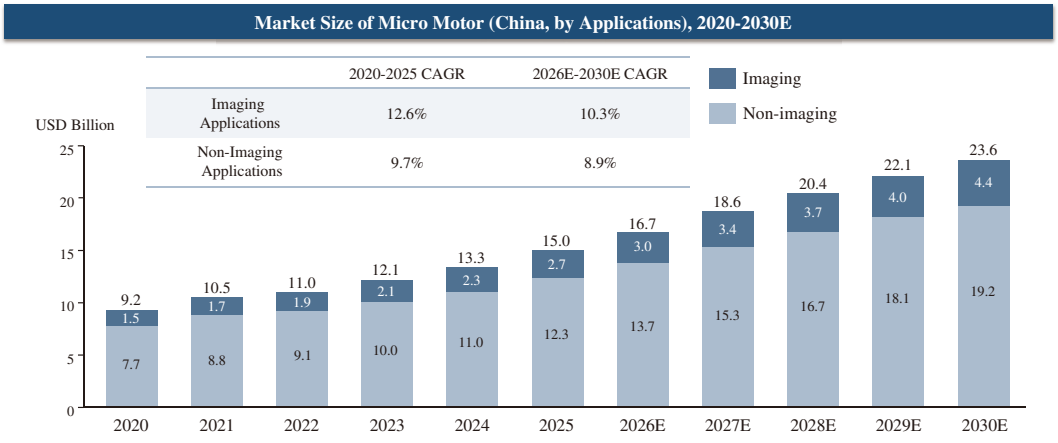

Fig 7. Market Size of Micro Motor (China, by Applications)

Source: Frost & Sullivan

From the perspective of downstream sub-industry applications, smart phones and automobiles remain the main components of China's micro-motor market. The applications in the medical and handheld imaging industries are growing rapidly, while the robot industry applications, as an important emerging scenario, have demonstrated strong growth potential in recent years.

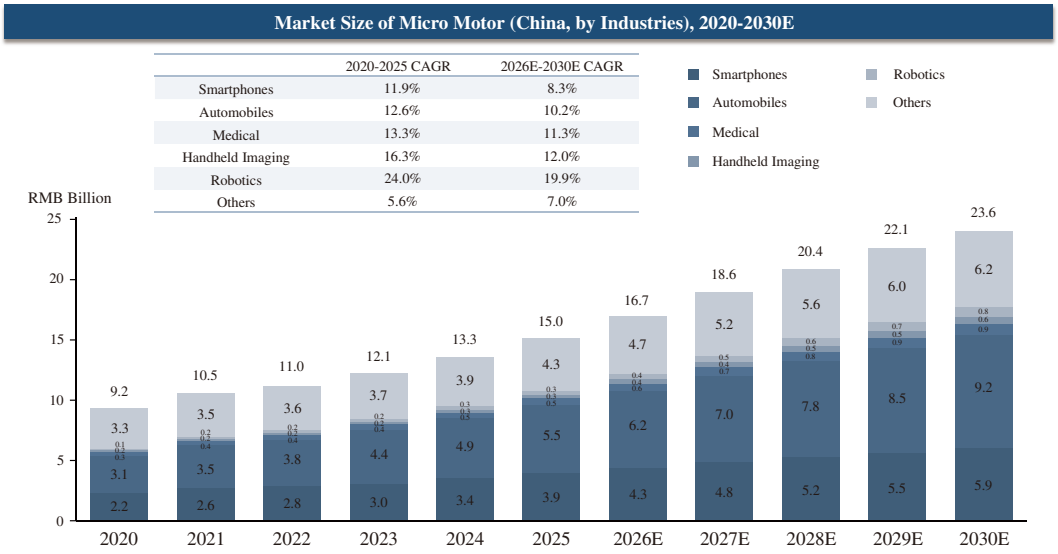

Fig 8. Market Size of Micro Motor (China, by Industries)

Challenges and Constraints of Global Micro Motor Market

While the micro motor market benefits from strong demand drivers, it faces significant structural challenges that are particularly acute due to the technical precision required and the competitive dynamics of key end-markets.

The challenge in micro motor development stems from fundamental physics. As motors shrink, their behavior is governed by scaling laws that create non-linear and often counter-intuitive problems. The core trade-off involves balancing size, power output, and efficiency. Achieving high power density – the ratio of power output to volume – becomes increasingly difficult as components miniaturize. For instance, as electromagnetic coils shrink, their electrical resistance increases disproportionately, leading to higher heat generation and lower efficiency, which in turn can impact performance and reliability.

As consumer electronics manufacturers demand ever-smaller, more powerful, and cost-effective components, micro motor producers are pushed against the fundamental limits of electromagnetic design, thermal management, and precision manufacturing. These technical challenges are compounded by intense price competition and a fragile global supply chain for key materials, creating a high-pressure environment where success requires navigating a complex web of interconnected constraints.

The micro motor market faces significant margin pressure from two primary sources. First, intense price competition, particularly from Asian manufacturers, continuously erodes gross profit margins. Second, production costs remain elevated due to the use of specialized materials and precision engineering requirements. This cost pressure is further exacerbated by price volatility in rare earth elements and other key raw materials, creating ongoing cost uncertainty and limiting pricing flexibility.

High-performance micro motors, particularly used in smartphones and precision applications, rely heavily on neodymium-iron-boron (NdFeB) permanent magnets. These magnets, which provide superior magnetic flux density in compact form factors, require rare earth elements such as neodymium, dysprosium, and terbium. For micro motor manufacturers, this dependency translates into exposure to price volatility, potential supply disruptions, and geopolitical risk. While research into rare-earth-free motor technologies is ongoing, including initiatives supported by government research programs, these alternatives have not yet achieved the performance density required for many micro motor applications.

OVERVIEW OF GLOBAL IMAGING MOTOR MARKET

Definition and Classification

The imaging motor is a precision component used to drive the movement of the camera lens or sensor to achieve functions such as autofocus (AF), optical image stabilization (OIS), and zoom. It is a core component of camera module and one of the important representatives of micro motors. It can be classified by different standards:

(i) ***According to their functional implementation,*** imaging motors can be categorized into autofocus motors, optical image stabilization motors, and others such as zoom motors, periscope motors, and variable aperture motors.

(ii) ***According to their driving principles or technical implementation methods,*** imaging motors can be categorized into: Voice Coil Motors (VCM), Piezoelectric Motors (PZT), Shape-Memory-Alloy Motors (SMA), etc.

(iii) ***According to application scenarios,*** imaging motors can be specifically applied in consumer electronics (including smartphones, cameras, AR/VR devices, handheld imaging devices, drones, etc.), security surveillance, automotive electronics, medical devices, industrial equipment, and other scenarios.

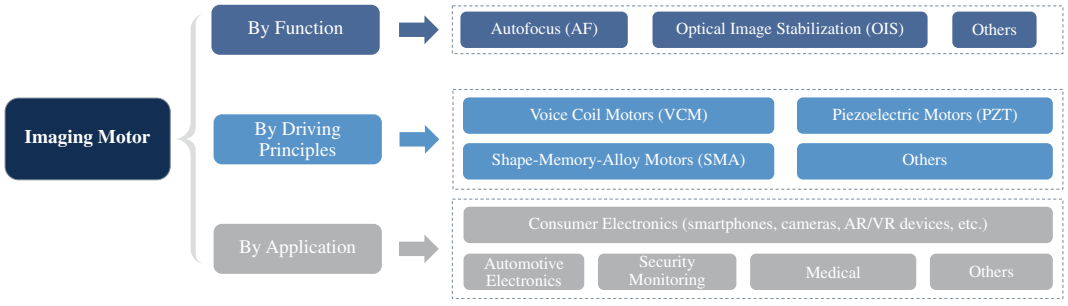

Fig 9. Classification of Imaging Motor

Source: Frost & Sullivan

Industry Chain of Global Imaging Motor Market

The upstream of the Imaging motor industry chain includes two types: raw material suppliers and core component suppliers. The midstream includes professional image motor manufacturers that focus on the research and development and production of image motors. And module integration manufacturers that integrate motors with lenses, image sensors, infrared filters and other components into camera modules. The downstream is the terminal application scenarios, including such as consumer electronics (smartphones, digital/action cameras, etc.), automotive electronics, medical care, security monitoring, etc.

Within the imaging motor industry, the vast majority of midstream professional motor manufacturers adopt a business model oriented toward end customers, with their operations focused on addressing the product requirements of end-brand manufacturers. Typically, end-user brands – such as smartphone manufacturers and other handheld imaging device makers – first engage with professional imaging motor suppliers to discuss their motor requirements, core technical specifications, and underlying needs. After assessing the suppliers' technical capabilities and willingness to collaborate, these brands evaluate factors like pricing and technical proficiency before finalizing agreements. Subsequently, the terminal manufacturer selects the corresponding camera module supplier, and the three parties – the terminal manufacturer, camera module supplier, and motor manufacturer – jointly finalize the product design. Finally, camera module manufacturers procure components from designated motor suppliers as specified by terminal brands, driving the integration of modules.

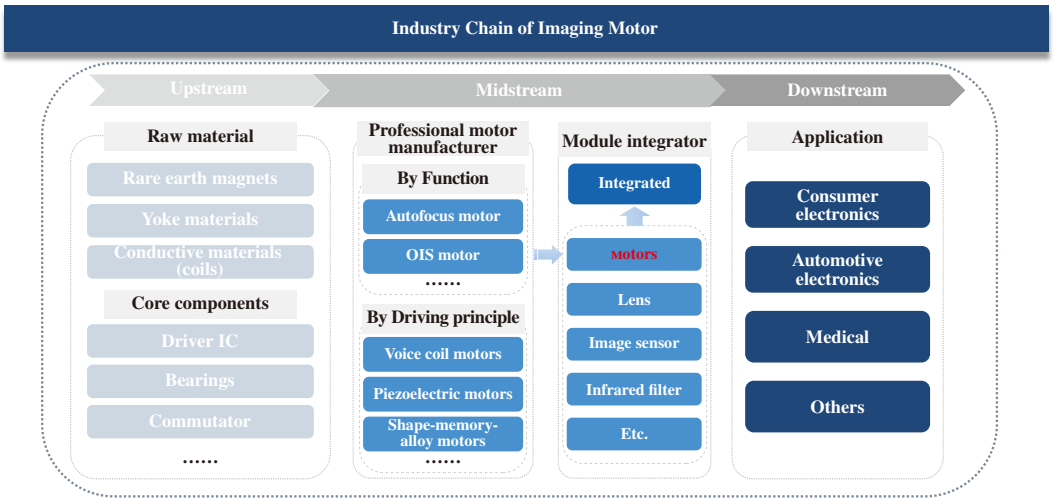

Fig 10. Industry Chain of Imaging Motor Market

Source: Frost & Sullivan

Drivers of Global Imaging Motor Market

The global imaging motor market is primarily driven by several core factors: market demand, technological advancements, policy initiatives and the industrial supply chain:

From a market demand perspective, the global imaging motor market is primarily driven by two factors: increased penetration of imaging motors in the smartphone sector and expanding demand in non-mobile imaging applications.

(i) ***Multi-camera solutions and high-end motor products are gradually becoming popular in the field of smart phones.*** The consumer electronics industry is undergoing a structural shift from quantity to quality. While the average number of cameras in smartphones has seen slight adjustments, competition in single-camera performance continues to intensify. High-pixel sensors are steadily increasing their market share, with 50-megapixel and higher-resolution products becoming mainstream. The penetration rate of 100-megapixel-level products is gradually expanding, compelling motors to upgrade toward higher precision and faster response speeds. The adoption rate of closed-loop motors and piezoelectric motors in flagship models continues to rise. Simultaneously, the proliferation of foldable smartphones is driving VCMs toward thinner, more integrated designs. Optical image stabilization and millisecond-level responsiveness have become standard features in flagship models. The integration of computational photography with AI-powered dynamic tracking algorithms further boosts the penetration of high-performance products like ultrasonic motors.

(ii) ***Expanding Imaging Demand Beyond Mobile Phones.*** Automotive intelligence is creating a new demand. Leveraging the precise imaging capabilities of in-vehicle cameras, systems such as intelligent driving, cockpit interaction, and driving safety are rapidly advancing, driving the penetration of imaging motor applications. Emerging applications continue to proliferate. AR/VR devices significantly increase demand for miniature dynamic focusing motors to resolve visual convergence-accommodation conflicts. Medical endoscopic surgical robots and industrial visual inspection equipment rely on ultrasonic motors for micrometer-level control. Meanwhile, the dynamic tracking function of drone gimbals steadily boosts demand for magnetic levitation focusing motors. This multi-scenario expansion injects fresh vitality into the market.

From a technological development perspective, the global imaging motor market is primarily influenced by the continuous evolution of VCM technology and the parallel advancement of diverse drive technologies such as piezoelectric drives, shape-memory-alloy motors, and MEMS actuators.

(i) ***Multi-Technology Synergy Drives Innovation in Imaging Motor Industry Upgrades.*** Imaging motor focusing technology undergoes continuous iteration, achieving ongoing

optimization in long stroke, high thrust, rapid response, and low power consumption. It adapts to large-aperture lenses, complex periscope optical structures, and high-speed motion imaging demands. ① Compared to traditional horizontally stacked lens assemblies, the periscope structure achieves vertical space-saving optical path folding through reflective prisms. By employing long-stroke precision displacement control, the periscope motor effectively resolves the trade-off between module thickness and zoom travel. ② Sensor-Shift image stabilization utilizes high-frequency micro-movements of the sensor to achieve stabilization, reducing the structural burden on motors. ③ The variable aperture motor precisely adjusts the opening and closing of the aperture blades through electromagnetic, or piezoelectric driving methods. It features precise adjustment, rapid response and compact structure, and can meet the imaging requirements of multiple scenarios and optimize image performance. ④ Through deepened collaboration with ISP chips, module manufacturers, and motor suppliers, it integrates drive strategies with AI scene recognition, enabling the periscope motor to adaptively adjust parameters. This collaborative multi-dimensional optimization spurs advanced features like auto-tracking autofocus, elevating imaging motors from passive execution components to active intelligent nodes. This evolution fuels innovation, upgrades, and steady growth in the global imaging motor market.

(ii) ***Parallel Development of Diverse Drive Technologies.*** While VCM remains dominant, alternative technologies like piezoelectric motors, shape-memory-alloy motors, and MEMS actuators are gradually complementing it in specific applications. Piezoelectric and thin-film actuators hold potential in ultra-slim devices, while MEMS solutions are gaining attention in new lightweight optical systems like AR/XR and drones. Multiple drive approaches are forming a coexisting, specialized ecosystem across different scenarios.

From a policy and industrial chain perspective, the global imaging motor market is primarily driven by several factors: localization within the imaging and optical industries, the proliferation of in-vehicle cameras spurred by autonomous driving policies, and technological breakthroughs enabled by advancements in precision manufacturing capabilities.

(i) ***Localization of the Imaging and Optical Industry Chain.*** Governments worldwide have incorporated optical sensing capabilities into strategic industrial planning, driving localized production of key components like lenses, actuators, and camera modules while fostering coordinated development across the industry chain. In emerging markets such as China and India, the pace of local substitution has accelerated significantly. This trend has spurred imaging motor manufacturers to enhance their self-reliance in magnetic materials, winding, structural components, and packaging, leading to supply chain shifts and industrial clustering effects.

(ii) ***Intelligent Driving Policies Drive Adoption of In-Vehicle Cameras.*** Automotive safety regulations in Europe, the US, and China are progressively mandating active safety systems like AEB, DMS, and BSD as standard equipment. This directly increases the number of in-vehicle cameras from the traditional 1–3 units to 6–12 units, with advanced autonomous driving scenarios requiring over 20 cameras. In-vehicle cameras have evolved from fixed-focus to autofocus capabilities and integrated OIS functionality, propelling imaging motors into the automotive-grade market. This shift demands higher standards for reliability, temperature adaptability, and lifespan, consequently elevating their market value.

(iii) ***Precision Manufacturing Capabilities Drive Technological Breakthroughs.*** Global investments in precision manufacturing, high-end equipment, and material processes have enhanced magnetic material performance, improved coil winding efficiency, optimized packaging structures, and established high-consistency mass production capabilities. These advancements collectively elevate the overall performance and cost structure of the imaging motor industry, further boosting market penetration and strengthening competitive barriers.

Challenges and Constraints of Global Imaging Motor Market

In addition, the global imaging motor market is also confronted with numerous constraints, such as fluctuations in downstream demand, technical barriers, long customer certification cycles, and increasingly strict compliance requirements:

(i) ***Technical Barriers and Patent Constraints.*** Core technologies and patents for global imaging motors are primarily concentrated among leading companies in Japan and South Korea. The top manufacturers hold certain technical advantages in critical areas. Domestic

manufacturers still have relatively weak technological foundations, with certain core technologies lagging behind international giants, resulting in a lack of competitiveness for high-end products. Furthermore, the rapid advancement of emerging alternative technologies like MEMS poses iterative pressure on traditional drive technologies. Companies must continuously invest substantial R&D funds to keep pace with the pace of technological change.

(ii) ***High-end Application Barriers and Lengthy Certification Cycles.*** With the widespread adoption of multi-camera systems and the advancement of high-end imaging capabilities, brand manufacturers have significantly raised their demands for imaging motors in terms of reliability, shock resistance, low power consumption, and miniaturization. High-end products must undergo rigorous module validation and full-device certification cycles, often requiring considerable time from sample introduction to mass production. Moreover, replacement costs are high once these components are adopted. This creates substantial barriers to entry for newcomers and mid-to-low-end suppliers seeking to rapidly penetrate the high-end market, effectively establishing clear customer and application barriers.

(iii) ***Compliance Requirements and Standard Adaptation Pressure.*** Increasingly stringent global environmental and compliance policies necessitate additional investments in emission-reduction technologies like clean substitutes and electrification. The ongoing tightening of EU standards such as RoHS and REACH has increased technical modification and production costs. Simultaneously, significant variations in compliance standards across different application fields create challenges for customized R&D and certification. Emerging technologies like piezoelectric motors lack unified standards, resulting in insufficient product compatibility and limited market acceptance. Addressing these standard adaptation challenges is urgently needed.

Market Size of Global Imaging Motor

The global imaging motor market size reached approximately USD4.9 billion in 2020 and grew to USD8.0 billion by 2025, with a CAGR of 10.3%. Key drivers include increased penetration in the consumer electronics sector and the expansion of emerging application scenarios, while policy support and supply chain assistance have further propelled this growth. The market is expected to continue growing between 2026 and 2030, with a projected CAGR of 8.0%, reaching approximately USD11.7 billion by 2030. The development of high-end motor products such as piezoelectric motors, periscope motors, and OIS will unlock new growth opportunities.

In terms of the three major segments within the global imaging motor market, autofocus motor (AF) sub-market hold the largest share and optical image stabilization motor (OIS) sub-market represent the fastest-growing segment. Autofocus motor (AF) sub-market grew from USD3.0 billion in 2020 to USD4.5 billion in 2025, achieving a CAGR of 8.4%. It is expected to reach USD5.8 billion by 2030. Optical image stabilization motor (OIS) sub-market grew from USD1.4 billion in 2020 to USD2.6 billion in 2025, achieving a CAGR of 13.5%. It is expected to reach USD4.3 billion by 2030.

Market Size of Imaging Motor (Global), 2020-2030E

	2020-2025 CAGR	2026E-2030E CAGR
Total	**10.3%**	**8.0%**
Autofocus Motor (AF)	8.4%	5.7%
Optical Image Stabilization Motor (OIS)	13.5%	11.0%
Others	11.9%	9.4%

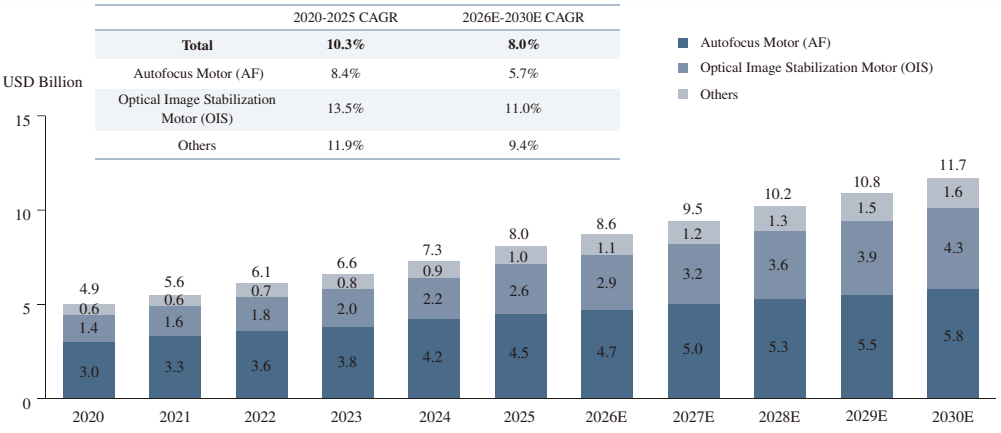

Fig 11. Market Size of Imaging Motor (Global)

Source: Frost & Sullivan

Market Size of Imaging Motor in China

The China's imaging motor market size reached approximately RMB10.6 billion in 2020 and grew to RMB19.2 billion by 2025, with a CAGR of 12.7%. Compared to the global market, China's imaging motor market demonstrates greater growth potential. The market is expected to maintain its growth trajectory from 2026 to 2030, with a projected CAGR of 10.3%, reaching approximately RMB31.4 billion by 2030.

In terms of the major segments within the China's imaging motor market, the autofocus motor (AF) sub-market grew from RMB6.3 billion in 2020 to RMB10.6 billion in 2025, achieving a CAGR of 10.9%. It is expected to reach RMB15.9 billion by 2030. The optical image stabilization motor (OIS) sub-market grew from RMB3.6 billion in 2020 to RMB7.3 billion in 2025, achieving a CAGR of 15.3%. It is expected to reach RMB13.1 billion by 2030.

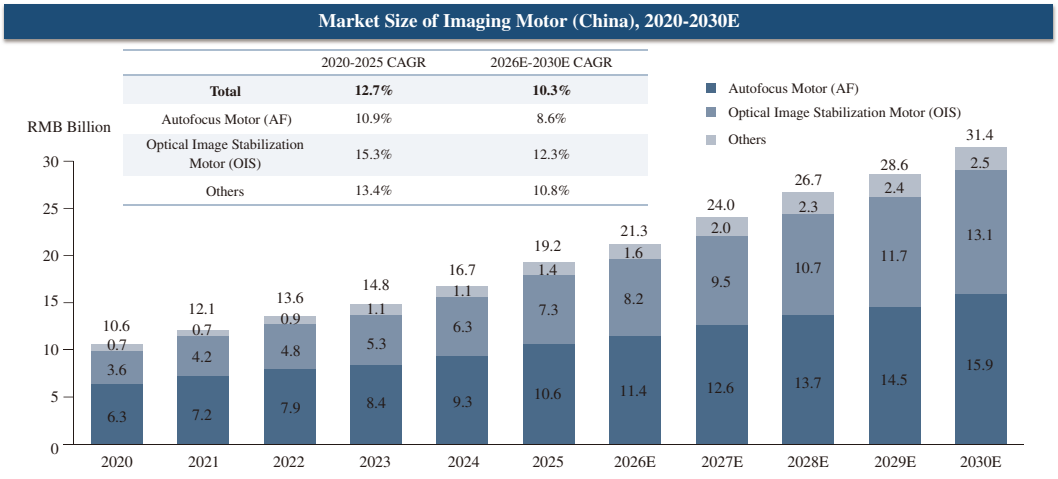

Fig 12. Market Size of Imaging Motor (China)

Source: Frost & Sullivan

Future Trends of Global Imaging Motor Market

The high-end development of image modules drives the imaging motor to upgrade towards higher precision, miniaturization and low power consumption. The global intelligent terminal imaging system is continuously evolving towards large sensor sizes, large apertures, multi-camera structures and long focal length capabilities, making it an inevitable trend for the imaging motor to achieve higher precision, speed and stability under volume constraints. The increased requirements for continuous autofocus, motion capture and video portrait shooting in high-end models have driven the imaging motor to further develop towards miniaturization, high thrust, low power consumption and higher response speed.

The application scenarios have expanded and extended to multiple fields. Consumer electronics remain the core application market. The trend of multi-camera and high-pixel smartphones is driving the continuous growth of demand for imaging motors. The demand for ultra-thin motors in foldable phones further promotes technological innovation. Automotive electronics have become a new growth engine, with the demand for customized image modules in in-vehicle cameras, lidars and ADAS systems surging. Meanwhile, the rise of emerging fields such as AI glasses, AR/VR devices, medical precision instruments, and industrial automation inspection equipment has opened up diversified application Spaces for imaging motors. Meanwhile, as the scope for iteration in traditional mobile imaging innovations – such as chips and lenses – gradually narrows, imaging motors have evolved into the core engine of mobile imaging innovation. With ongoing upgrades in functionality and configuration, their value weight within mobile imaging systems will continue to rise, transforming them into high-value cores.

The process of domestic substitution continues to accelerate. Domestic enterprises have been making continuous breakthroughs in technological research and development as well as capacity layout, gradually breaking the monopoly of overseas brands in the high-end market. By increasing investment in research and development, domestic manufacturers have achieved technological breakthroughs in high-end products such as optical image stabilization motors and long-zoom integrated periscope motors. The performance of some of these products has reached the international advanced level. With the support of policies and the improvement of the industrial chain, it will further promote the development of domestic production.

Environmental protection regulations are strengthening the promotion of green transformation in materials, processes and supply chains. The increasingly strict global environmental protection regulations have imposed new regulatory requirements on imaging motors in terms of raw material selection, metal electroplating processes, energy efficiency, and waste disposal, driving the supply chain towards green manufacturing and low-carbonization. Products that comply with RoHS, REACH, EU battery regulations and energy efficiency and safety standards of various countries will be more competitive in the market. Manufacturers with sustainable material substitution and green production certifications will have more opportunities in the international market.

COMPETITIVE LANDSCAPE

Ranking of Imaging Motor Providers Globally

The competition in the image motor market is intense, and the industry as a whole shows a pattern where Japanese and Korean manufacturers have a leading edge, while domestic manufacturers are rapidly catching up: Japanese and Korean enterprises (such as company A, company B, company C, etc.) still hold a leading position in the global market based on their early layout and technological accumulation. Meanwhile, domestic manufacturers (such as our Group, company F, company H etc.) are accelerating breakthroughs in mid-to-high-end fields such as OIS and telephoto lenses, and have formed differentiated competition.

Market Players	Business Scale (2025)	Sales Territory	Sales Volume (2024)	Price Range (USD/unit)	Product Type	Technical Capabilities
Company A	Global total revenue in 2025 is approximately 1,019.5 billion yen. It holds a 14.4% share in the imaging motor market.	Global (Japan, South Korea, China, Europe and America)	Approximately 550 million units	AF/OIS: approx. $0.8–5.0;	AF VCM, Closed-Loop OIS, Dual-Axis OIS	Leading global patent portfolio, specializing in high-precision micro-coil electromagnetic drive technology with mature expertise in large-aperture lens actuation and low-power high-precision focus control; robust patent layout for leaf-spring VCMs; ball-guide OIS technology ranks among the world's best in addressing friction challenges for heavy-load lenses (large-sensor formats).
Company B	Global total revenue in 2025 is approximately 1,664.4 billion yen. It holds a 10.7% share in the imaging motor market.	Global (Japan, China, Southeast Asia)	Approx. 400 million units	AF/OIS: approx. $0.6–4.5;	Closed-Loop VCM, Sensor-Integrated OIS	Focuses on miniaturization and high integration design, mastering advanced closed-loop control and OIS integration technology. Products primarily utilize electromagnetic drive structures, with core strengths in precision assembly and automated production lines.
Company C	Global total revenue in 2025 is approximately 13,397.2 billion Korean won. It holds a 10.6% share in the imaging motor market.	Global (South Korea, China, Europe and America)	Approx. 400 million units	AF/OIS: approx. $0.7–4.8;	AF, Ball-Bearing OIS, Periscope, Continuous Zoom	Strong OIS algorithm + module integration capabilities, employing advanced packaging processes for lenses and drive chips. Ball Guide support technology can drive heavy lenses with leading response speed and precision.
Company D	Global total revenue in 2025 is approximately 849.8 billion Korean won. It holds a 4.7% share in the imaging motor market.	Global (South Korea, China, Southeast Asia)	Approx. 170 million units	AF/OIS: approx. $0.6–3.5;	AF VCM, Ball-Bearing OIS, Folded Zoom	Performance stability metrics rank above average. As one of the few companies globally holding core patents for "ball-bearing OIS motors," our products exhibit low friction loss and extended lifespan. Primarily relying on mechanical structures and magnetic circuit design without wafer-level processes, our core strengths lie in ball bearings and OIS algorithms.
Company E	The global total revenue for 2025 is approximately 21,896.6 billion Korean won. It holds a 3.9% share in the imaging motor market.	Global (South Korea, China, Europe and America)	No standalone imaging motor shipments; primarily integrated module shipments	AF/OIS: approx. $0.8–4.5;	Module Integration, Sensor-Shift, Continuous Zoom Motor	Emphasizes closed-loop control and high AF yield rates, with mature OIS solution technology. Utilizes advanced wafer-level processes for lens and sensor packaging, and high-precision packaging technology for driver chips.
Our Group	The global total revenue for 2025 is approximately RMB2.0 billion. It holds a 3.3% share in the imaging motor market.	Mainly China, Japan	Approx. 200 million units	AF/OIS: approx. $0.2–6.5;	OIS, AF, periscope motor, variable aperture motor, continuous zoom, stepper motor, BL DC motor, etc.	Holds over 938 authorized patents, achieving OIS motor precision of 2 μm and stabilization angles up to ±2°. Focuses on precision machining and electromagnetic design, with OIS accuracy reaching internationally leading levels.
Company F	This company is an unlisted company. It holds a 3.0% share in the imaging motor market in 2025.	Mainly China	Approx. 330 million units	AF/OIS: approx. $0.2–2.8;	AF dominant, limited SMA OIS, periscope motor, variable aperture motor, telephoto periscope motor	Possesses nearly 1,600 patents, emphasizing precision machining and material innovation without wafer-level processes. Core strengths lie in shape memory alloys and periscope structures.
Company G	The global total revenue for 2025 is approximately 2,504.8 billion yen. It holds a 2.2% share in the imaging motor market.	Global (dominated by Japan and China)	Approx. 130 million units	AF/OIS: approx. $0.7–4.3;	AF, OIS, closed-loop, periscope motor	One of Japan's leading high-end OIS/imaging stabilization motor manufacturers. Following acquisition by domestic firms, its technological capabilities are progressively integrating into the domestic supply chain. Technical reserves span suspension wires, ball bearings, shape memory alloys, and piezoelectric multi-path solutions. Advanced wafer-level processes are employed in driver chip and sensor packaging, achieving micron-level positioning accuracy.
Company H	This company is an unlisted company. It holds a 2.3% share in the imaging motor market in 2025.	Mainly China	Approx. 180 million units	AF/OIS: approx. $0.4–3.0;	AF, OIS, closed-loop, periscope motor	200+ patents, focusing on low-friction, high-precision structural design. Primarily relies on precision machining without disclosed wafer-level processes, mainly utilizing traditional stamping/ injection molding techniques.

Market Players	Business Scale (2025)	Sales Territory	Sales Volume (2024)	Price Range (USD/unit)	Product Type	Technical Capabilities
Company I	This company is an unlisted company. It holds a 1.9% share in the imaging motor market in 2025.	Mainly China	Approx. 280 million units	AF/OIS: approx. $0.2–2.6;	AF-dominant, gradually incorporating OIS	400+ patents, primarily based on electromagnetic drive structures without wafer-level manufacturing. Core strengths lie in automated production lines and structural design.
Company J	This company is a non-listed company. It holds a 1.8% share in the imaging motor market in 2025.	Mainly China	Approx. 250 million units	AF/OIS: approx. $0.2–2.5;	AF-dominant, limited OIS	100+ patents, piezoelectric motors incorporate MEMS processes but do not disclose wafer-level precision, primarily traditional VCM technology.
Company K	The total global revenue in 2025 was approximately RMB332.3 billion. It holds a 1.6% share in the imaging motor market.	Global (China, Europe and America)	Approx. 110 million units	AF/OIS: approx. $0.3–3.0;	AF, OIS	Possesses precision manufacturing, system-in-package (SiP), and automated production line capabilities, with imaging motors centered on module integration.
Company L	The total global revenue in 2025 was approximately RMB31.8 billion. It holds a 1.5% share in the imaging motor market.	Global (China, Europe and America)	Approx. 130 million units	AF/OIS: approx. $0.3–2.5;	AF-camera module integration, OIS-camera module integration	Possesses wafer-level processing capabilities in optical lens manufacturing; employs advanced packaging for imaging motor driver chips with leading precision.
Company M	The total global revenue in 2025 was approximately RMB43.2 billion. It holds a 1.4% share in the imaging motor market.	Global (China, Europe and America)	Approx. 90 million units	AF/OIS: approx. $0.3–3.0;	Primarily modules, AF, with OIS motor and periscope motor R&D	Features integrated design of proprietary motors and optical modules; utilizes advanced wafer-level processes in optical lenses; incorporates high-precision packaging for imaging motor driver chips with module-coordinated optimization.

Fig 13. Comparison of Main Imaging Motor Providers (Global)

Source: Frost & Sullivan

The global imaging motor market exhibits a relatively concentrated competitive landscape. The top ten major manufacturers collectively hold approximately 57.2% of the market share, demonstrating a significant advantage for leading players. The top 10 manufacturers – Company A, Company B, Company C, Company D, Company E, our Group, Company F, Company G, Company H and Company I – have established a considerable gap with other players. Domestic manufacturing enterprises such as our Group, Company F, Company H and Company I have demonstrated strong competitive advantages in the global market.

Among them, our Group has established technological leadership through substantial R&D investment, developed a comprehensive product portfolio, and built a stable customer base. By diversifying its offerings across both mobile and non-mobile applications, it has achieved leading competitiveness, securing the 6th position in the global imaging motor market with a 3.3% market share.

Ranking	Company	Market share (by Revenue)
1	Company A	14.4%
2	Company B	10.7%
3	Company C	10.6%
4	Company D	4.7%
5	Company E	3.9%
6	**Our Group**	**3.3%**
7	Company F	3.0%
8	Company G	2.3%
9	Company H	2.2%
10	Company I	1.9%
Others		42.8%
Total		100%

Fig 14. Top 10 Imaging Motor Providers by Revenue in 2025 (Global)

Source: Frost & Sullivan

Note: Company A was established in 1948 and listed on the Tokyo Stock Exchange in Japan. It is mainly engaged in the production of automotive electronic information equipment and electronic components and other products.

Company B was established in 1954 and was once listed on the Tokyo Stock Exchange in Japan. It mainly deals in electrical machinery and equipment, measuring machinery and equipment, optical machinery and equipment, etc.

Company C was founded in 1973 and listed on the Korea Exchange (KRX). It is an international manufacturer of high-tech electronic components and mechanical components.

Company D was established in 1981 and listed on the Korea Exchange (KRX). It is mainly engaged in the processing and production of electronic components, spare parts, nano products and related parts.

Company E is an electronic component and material manufacturing company, established in 1970. Its headquarters is located in South Korea and it is listed on the Korea Exchange (KRX).

Company F was established in 2011, with its headquarters located in Liaoning Province, China. Its main business is the production and sale of ultra-small autofocus motors for mobile device cameras.

Company G was founded in 1935 and is listed on the Tokyo Stock Exchange in Japan and the New York Stock Exchange. It is a globally renowned manufacturer of electronic raw materials and electronic components.

Company H was established in 2009 and is located in Shanghai, China. It is mainly engaged in the research and development, production and sales of micro motors in camera modules.

Company I was established in 2012, with its headquarters located in Henan Province, China. Its main business is the research and development, design, production and sales of autofocus drive motors for micro cameras.

Ranking of Imaging Motor Providers in China

From the perspective of the top 10 major players in China's imaging motor market, they collectively account for approximately 73.5% of the market share. The industry concentration is slightly higher than that of the global market and relies on further channel penetration and product optimization. From the perspective of leading companies, Company A tops the list with a 10.2% market share, followed by our Group, Company B, Company C, Company F, and holding 9.8%, 8.7%, 8.7% and 8.0% market shares respectively. The leading enterprises have a more obvious advantage and have already created a certain gap between them and those with lower rankings. From the perspective of market participant composition, domestic manufacturers hold a certain share of the global market. Companies such as our Group, Company F, and Company H have established strong competitive advantages.

Ranking	Company	Market share (by Revenue)
1	Company A	10.2%
2	**Our Group**	**9.8%**
3	Company C	8.7%
4	Company B	8.7%
5	Company F	8.0%
6	Company D	7.0%
7	Company H	6.7%
8	Company I	5.3%
9	Company J	5.1%
10	Company G	3.9%
Others		26.5%
Total		100%

Fig 15. Top 10 Imaging Motor Providers by Revenue in 2025 (China)

Source: Frost & Sullivan

Note: Company J was established in 2013, with its headquarters located in Guangdong, China. It is mainly engaged in the research and development, production and sales of autofocus motors for mobile phone cameras.

Ranking of Optical Image Stabilization (OIS) Motor Providers Globally

The top ten major manufacturers in the global optical image stabilization (OIS) motor market collectively account for approximately 62.2% of the market share, indicating a relatively high market concentration. From the top five manufacturers, including Company A, Company C, Company B, our Group, and Company D, etc., among the leading players, Japanese and South Korean enterprises still dominate, followed closely by Chinese enterprises.

Domestic manufacturers such as our Group (5.6%), Company F (3.1%) and Company H (2.3%) have secured a foothold in the global market through technological breakthroughs, entering the supply chains of leading global smartphone brands and top-tier module manufacturers.

Ranking	Company	Market share (by Revenue)
1	Company A	15.5%
2	Company C	11.4%
3	Company B	10.9%
4	**Our Group**	**5.6%**
5	Company D	5.5%
6	Company E	3.6%
7	Company F	3.1%
8	Company G	2.6%
9	Company H	2.3%
10	Company M	1.8%
Others		37.8%
Total		100%

Fig 16. Top 10 Optical Image Stabilization (OIS) Motor Providers by Revenue in 2025 (Global)

Source: Frost & Sullivan

Note: The global (and Chinese) OIS motor market referenced in this report does not include periscope motors. Company M was established in 1984, with its headquarters located in Zhejiang Province, China. It is listed on the Hong Kong Stock Exchange and is mainly engaged in the research and development, production and sales of optical and optoelectronic related products.

Ranking of Optical Image Stabilization (OIS) Motor Providers in China

The top ten major manufacturers in the China's optical image stabilization (OIS) motor market collectively account for approximately 81.5% of the market share, indicating a high market concentration. From the perspective of leading companies, our Group tops the list with a 14.0% market share, followed by Company A, Company B, Company D, Company C, and holding 13.0%, 10.2%, 9.0% and 8.5% market shares respectively. Among these leading players, Chinese players form the core component, dominating the vast majority of the market, with the remainder comprised of Japanese and Korean players. This demonstrates that domestic substitution is steadily advancing.

Specifically, leading enterprises have gained a more pronounced advantage, establishing a significant gap with their lower-ranked counterparts. Through technological breakthroughs, they have secured a firm foothold in the global market and successfully entered the supply chain systems of world-leading brand manufacturers.

Ranking	Company	Market share (by Revenue)
1	**Our Group**	**14.0%**
2	Company A	13.0%
3	Company B	10.2%
4	Company D	9.0%
5	Company C	8.5%
6	Company F	7.7%
7	Company H	5.6%
8	Company G	4.9%
9	Company M	4.4%
10	Company I	4.1%
Others		18.5%
Total		100%

Fig 17. Top 10 Optical Image Stabilization (OIS) Motor Providers by Revenue in 2025 (China)

Source: Frost & Sullivan

Overview of Raw Material Price Fluctuations

The metal raw materials of imaging motor mainly include aluminum alloy, copper, permanent magnetic materials, etc. Aluminum alloy, due to its lightweight, medium strength and easy processing characteristics, is mainly used in the structural support components of image motors, such as motor housings and bases, anti-shake brackets, etc. Copper, due to its high electrical conductivity, is mainly used in electromagnetic drive components, such as coil winding and conductive terminals. Over the past three years, the price of copper has maintained a relatively steady growth trend due to technological upgrades and growing downstream demand, while the price of aluminum alloy have fluctuated slightly but remained relatively stable.

Price Trends of Raw Materials for Imaging Motor Industry, 2020-2025

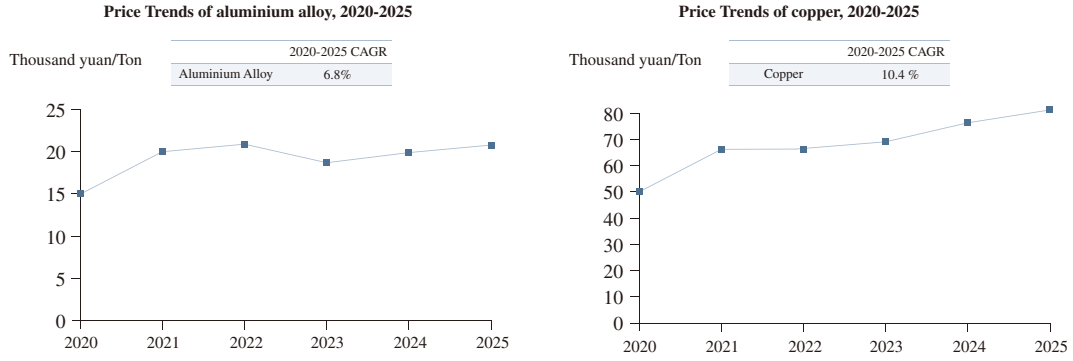

Fig 18. Price trends of raw materials for Imaging Motor Industry

Source: Frost & Sullivan

SOURCE OF INFORMATION

The Company has commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the global motor market, global micro motor market, global imaging motor market. The report prepared by Frost & Sullivan for the Company is referred to in this document as the Frost & Sullivan Report. The Company paid Frost & Sullivan a fee of RMB600,000 which the Company believes reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

The Frost & Sullivan Report includes information on global motor market, global micro motor market, global imaging motor market as well as other economic data, which have been quoted in the document. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the target market. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) Global and China's economy is likely to maintain a steady growth in the next decade; and (ii) Global and China's social, economic and political environment is likely to remain stable in the forecast period, which ensures the stable and healthy development of global motor market, global micro motor market, global imaging motor market.

OVERVIEW

This section sets forth a summary of the most significant rules and regulations that affect and regulate our current major business activities and operations in China.

REGULATIONS RELATING TO THE DESIGN, MANUFACTURE, AND SALE OF THE GROUP'S PRODUCTS

A. Regulations on Providing the Group's Products

According to the Administrative Measures for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products (《電器電子產品有害物質限制使用管理辦法》) jointly issued by seven ministries including the MIIT and effective from 1 July, 2016, manufacturers of micro electric motors shall label the presence of hazardous substances such as lead, mercury, and cadmium in their products and shall comply with the conformity assessment system for the restriction of hazardous substances in electrical and electronic products. Manufacturers and importers must indicate on the products the environmental protection use period, the content of hazardous substances, and whether such products are recyclable.

According to the Guiding Opinions on Accelerating the Cultivation and Development of High-quality Manufacturing Enterprises (《關於加快培育發展製造業優質企業的指導意見》) jointly formulated by the MIIT, the Ministry of Science and Technology, the Ministry of Finance, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission, and promulgated on June 1, 2021, the PRC government supports micro electric motor manufacturers in strengthening their technological innovation capability, implementing technological transformation and digitalisation initiatives, and enhancing product performance stability, quality reliability and environmental adaptability. Enterprises are encouraged to participate in industrial foundation re-engineering projects, focusing on core basic components, key basic materials and advanced basic processes related to micro electric motors, with a view to accelerating the achievement of a high level of self-reliance and self-strengthening. Enterprises are further guided to enhance quality management system development, adopt advanced quality management methodologies and improve the overall quality level of micro electric motor products.

According to the Implementation Opinions on Promoting the Improvement of Product and Service Quality in the Manufacturing Industry (《關於促進製造業產品和服務質量提升的實施意見》) jointly formulated by the MIIT, and promulgated on August 29, 2019, manufacturers of micro electric motors shall establish and improve their product quality management systems and strengthen quality control throughout the entire process, including design, procurement, production and inspection. Enterprises are required to actively adopt new technologies, new processes and new materials to enhance the reliability, stability and consistency of micro electric motor products. The PRC government encourages enterprises to participate in the formulation and revision of international, national and industry standards, thereby promoting the alignment of micro electric motor product quality standards with advanced international benchmarks. Enterprises shall also establish a comprehensive product quality traceability system to ensure that any product quality and safety issues can be traced and properly investigated.

According to the Industrial Structure Adjustment Guidance Catalogue (2024 Edition) (《產業結構調整指導目錄(2024年本)》) promulgated by the NDRC pursuant to Order No. 7 on December 27, 2023 and effective from February 1, 2024, "new electronic components manufacturing," including "new type of electromechanical components" is listed under Item XXVIII "Information Industry in the "Encouraged" category." Micro ELECTRIC motor projects that fall within the "Encouraged" category are eligible for corresponding policy support in accordance with the relevant PRC regulations. Meanwhile, the Catalogue specifies in the "Restricted" and "Eliminated" categories certain outdated production processes, equipment and products that do not conform to national industrial policies. Manufacturers of micro electric motors are required to avoid adopting such obsolete processes or producing such outdated products.

B. Regulations on Construction and Environmental Protection

Regulations on construction

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) which was promulgated by the SCNPC on October 28, 2007 and came into with effect from January 1, 2008 and recently amended with immediate effect on April 23, 2019, the Construction Law of the PRC (《中華人民共和國建築法》) which was promulgated by the SCNPC on November 1, 1997 and came into effect from March 1, 1998 and recently amended with immediate effect on April 23, 2019 and the Regulation on Quality Management of Construction Projects (《建設工程質量管理條例》) which was promulgated on January 30, 2000 and amended with immediate effect on April 23, 2019, the construction activities carried out in the built-up areas of cities, towns and villages as well as areas that must be under planning control for urban and rural construction and development shall be in compliance with the relevant requirements of the Urban and Rural Planning Law of the PRC. The construction entity shall obtain the construction land planning permit and the construction project planning permit from the competent department of urban and rural planning under the people's government at the county level and shall obtain the construction permit from the competent department of housing and urban and rural construction under the people's government at municipal and county level or above of the place of the construction project before commencement of construction. After receiving the construction project completion report, the construction entity shall organize the entities of design, construction, project supervision and other relevant entities to complete the acceptance.

According to the Regulations on the Administration of Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》), which was promulgated by the State Council on November 30, 2016 and came into effect on February 1, 2017, projects related to national security, major productivity distribution, strategic resource development and major public interests are subject to approval management. The specific project scope, the approval authority and the approval power shall be implemented in accordance with the catalog of investment projects approved by the government.

Regulations on environmental protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and last amended on April 24, 2014 and which came into effect on January 1, 2015, it outlines the authorities and duties of environmental protection regulatory agencies. The Ministry of Environmental Protection under the State Council is authorized to issue national standards for environmental quality and discharge of pollutants, and to exercise unified supervision and administration over environmental protection scheme of the PRC.

Regulations on pollutant discharge permits

According to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises, institutions and other producers and operators subject to pollutant discharge permit management should apply for and obtain pollutant discharge permits in accordance with the provisions of the regulations. Those who have not obtained pollutant discharge permits are not allowed to discharge pollutants.

According to the Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and came effective on the same day, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the pollutant discharge registration form on the management information platform of state pollutant discharge permits, and register its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention and control measures adopted, and other information.

C. Regulations on Fire Prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and implemented since September 1, 1998, and last amended on April 29, 2021 and implemented since the same date, together with the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design for Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and implemented since June 1, 2020, and last amended on August 21, 2023 and implemented since October 30, 2023, the fire prevention design and construction work of a construction project must conform to the national fire prevention technical standards. For construction projects which are required to have fire prevention design in accordance with the national fire prevention technical standards for project construction, the examination and acceptance system on fire prevention design for construction project shall be applied. Where, upon the completion of construction projects, application for acceptance on fire prevention is required by the competent department of housing and urban-rural development under the State Council, the construction entities shall apply to the competent department of housing and urban-rural development for acceptance checks for fire prevention. With respect to construction projects other than those mentioned above, construction entities shall, after an acceptance check, file their results to the competent department of housing and urban-rural development for record purposes, and such department shall conduct random inspections thereof. Construction projects that are subject to fire prevention acceptance check in accordance with the laws are prohibited from being put into use if they do not go through or fail the fire prevention acceptance check. Other construction projects that fail the random inspections according to laws shall be suspended from using.

D. Regulations on Production Safety

On June 29, 2002, the Standing Committee of the National People's Congress (the "**SCNPC**") promulgated the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Production Safety Law**"), which was recently amended by the SCNPC on June 10, 2021 and became effective on September 1, 2021. According to the Production Safety Law, enterprises that are engaged in production and business activities shall abide by the relevant laws and regulations concerning work safety, strengthen work safety management, establish and improve the all-staff work safety responsibility system and work safety rules and regulations, increase investment in funds, materials, technologies and personnel for work safety, improve the conditions for work safety, strengthen the standardized and information technology development of work safety, 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, and improve the level of work safety so as to ensure workplace safety. The safety facilities of a producer or business operator for engineering projects to be built, renovated or expanded shall be designed, constructed, and put into operation and use simultaneously with the principal part of the projects. Investments in safety facilities shall be included in the budgetary estimates for the construction projects. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

E. Regulations on Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and recently amended with immediate effect on December 29, 2018, producers shall: (i) be responsible for the quality of the products they produce; (ii) not produce products that have been explicitly eliminated by the state; (iii) not forge the place of origin, forge or falsely use the name and address of another person's factory; and not forge or fraudulently use quality marks such as certification marks; (iv) not produce or market adulterated products or use fake goods as genuine or sub-standard products as standard; and (v) ensure that the packaging quality of fragile, flammable, explosive, toxic, corrosive, radioactive and other dangerous goods, products that cannot be inverted during storage and transportation and other products with special requirements meets the corresponding requirements, and make warning signs or warning instructions in Chinese, or indicate matters needing attention during storage and transportation. If a defect in the product causes damage to the person or property of others,

the victim may claim compensation from the producer of the product or from the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, the illegally produced or sold products will be confiscated, and a fine will be imposed. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the business license shall be revoked. If a crime is constituted, criminal responsibility shall be investigated in accordance with law.

OTHER REGULATIONS RELATING TO DOING BUSINESS IN CHINA

F. Regulations on the Import and Export of Goods and Technology

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994, which was recently amended with immediate effect on December 30, 2022, and the Notice of the Department of Enterprise Management and Inspection on Matters Related to the Record-filing of Consignors and Consignees of Import and Export Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) published by the General Administration of Customs of the PRC with immediate effect on January 3, 2023, if consignors and consignees of import and export goods apply for record-filing, they shall obtain the market entity qualification and are not required to obtain the record-filing of foreign trade business operators. For technologies that fall under the category of free import and export, the contract record-filing and registration formalities shall be handled with the foreign trade department in charge under the State Council or the institutions entrusted by it.

According to the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) promulgated by the SCNPC on February 21, 1989 and implemented since August 1, 1989, and last amended on April 29, 2021 and came into effect on the same date, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) promulgated by the State Council on August 31, 2005 and implemented since December 1, 2005, and last amended on March 29, 2022 and implemented since May 1, 2022, the General Administration of Customs shall be responsible for inspection of import and export commodities in the PRC. The entry-exit inspection and quarantine authorities shall conduct inspection on the import and export of commodities listed in the catalog and on the import and export other commodities that shall be subject to the inspection by the entry-exit inspection authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection by the entry-exit inspection and quarantine authorities as mentioned above, the entry-exit inspection and quarantine authorities shall conduct random inspection in accordance with state regulations. Imported commodities subject to inspection may not be sold or used if they have not been inspected. Exported commodities subject to inspection may not be exported if they have not been inspected or fail to pass the inspection.

G. Regulations on Intellectual Property Rights

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), or the Copyright Law, which was published on September 7, 1990 and was latest amended on November 11, 2020, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. The Copyright Law as revised in 2001 extends copyright protection to internet activities and products disseminated over the internet. In addition, Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center, or the CPCC. According to the Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also subject to fines and/or administrative or criminal liabilities in severe situations.

In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and last amended on January 30, 2013, Chinese citizens, legal persons or other entities own the copyright in software developed by them, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of communication through network, translation right and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 (some provisions of which have been amended by the Administrative Licensing Law issued in 2004), software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts may be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and last amended on October 17, 2020 and came into effect on June 1, 2021 and the Rules for the Implementation of Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001 and last amended on December 11 2023 and became effective on January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application.

Trademark

Trademarks are protected by the Trademark Law of the PRC (Revised in 2019) (《中華人民共和國商標法(2019年修正)》) which was adopted in 1982 and subsequently amended in 1993, 2001, 2013 and 2019 respectively as well as by the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted by the State Council in 2002 and as most recently amended on April 29, 2014. The Trademark Office of the SAMR handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record.

H. Regulations on Labor Protection

Labor Law and Labor Contract Law

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), last amended and became effective on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), last amended on December 28, 2012 and became effective on July 1, 2013 and the Implementation Regulations for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which became effective on September 18, 2008, an employer unit shall establish and improve its rules and regulations in accordance with the law in order to ensure that workers enjoy labor rights and perform labor obligations. A written labor contract is required when an employment relationship is established between an employer and an employee. A labor contract shall include the following clauses: term of labor contract; working hours and rest periods and off days; labor remuneration; social security; labor protection, working conditions and occupational hazard prevention and protection; and any other matters to be included in a labor contract as stipulated by the laws and regulations.

Social Insurance and Housing Provident Fund

The Law on Social Insurance (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and came into effect on July 1, 2011, and was amended on December 29, 2018 regulates that all employees are required to participate in basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance, which must be contributed by both the employers and the employees. Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within a specified period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine equivalent to one to three times of the overdue amount.

The Supreme People's Court Interpretation No. 2 on Several Issues Concerning the Application of Law in Labour Dispute Cases (the "**Interpretation No. 2**", 《最高人民法院關於審理勞動爭議案件適用法律若干問題的解釋(二)》) came into effect on September 1, 2025. Article 19 of the Interpretation No. 2 stipulates that if an employer and employee agree, or if an employee commits to the employer that the employer is not required to contribute to social insurance for the employee, the people's courts shall deem such an agreement or commitment invalid. If the employer fails to make social insurance contributions pursuant to applicable PRC laws and regulations, and the employee requests to terminate the labor contract and seeks economic compensation from the employer in accordance with Article 38(3) of the Labor Contract Law, the people's courts shall support this request. The Supreme People's Court's interpretation aligns with the regulatory requirements set forth in Articles 26, 38 and 46 of the Labor Contract Law, which took effect on July 1, 2013. Interpretation No. 2 explicitly requires all people's courts nationwide to support employees' requests to terminate their labor contracts and receive economic compensation when employers fail to make mandatory social insurance contributions, this ensures that employees can terminate their labor contracts and seek economic compensation through legal proceedings.

In accordance with the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated by the State Council in 1999 and amended in 2002 and 2019, employers must register at the designated administrative centers and open bank accounts for depositing employee's housing provident funds. Employer and employee are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

I. Regulations on Foreign Investment in the PRC

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which came into effect on January 1, 2020. According to the Foreign Investment Law of the PRC, "foreign-invested enterprises" refers to enterprises that are wholly or partly invested by foreign investors and registered under the PRC laws within China, and "foreign investment" refers to any foreign investor's direct or indirect investment activities in China, including: (i) establishing foreign-invested enterprises in China either individually or jointly with other investors; (ii) obtaining stock shares, equity shares, shares in properties or other similar interests of Chinese domestic enterprises; (iii) investing in new projects in China either individually or jointly with other investors; and (iv) investing through other methods provided by laws, administrative regulations or provisions prescribed by the State Council.

On December 26, 2019, the State Council issued Regulations on Implementing 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 Rules**") which came into effect on January 1, 2020. According to the Implementation Rules, in the event of any discrepancy between the Foreign Investment Law, the Implementation Rules and the relevant provisions on foreign investment promulgated prior to January 1, 2020, the Foreign Investment Law and the Implementation Rules shall prevail.

The NDRC and the Ministry of Commerce, or the MOFCOM, jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單) (2024年版)》), or the 2024 Negative List, in September 6, 2024. The 2024 Negative List sets out the industries in which foreign investments are prohibited or restricted. Pursuant to the Foreign Investment Law, the Implementation Rules and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments.

On December 30, 2019, the MOFCOM and the SAMR, or the SAMR, jointly promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020, and has replaced the Interim Measures for the Administration of Record-filing of the Establishment and Changes in Foreign-Invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Foreign investors or foreign-invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

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. The Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室) (the "**Office of the Working Mechanism**") will be established under the NDRC, who will lead the task together with the MOFCOM. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism 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 transport 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 obtain control in the target enterprise. Control exists when the foreign investor (i) holds over 50% equity interests in the target, (ii) has voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the target even when it holds less than 50% equity interests in the target, or (iii) has material impact on target's business decisions, human resources, accounting and technology.

J. Regulations on Overseas Investment

The Measures for Overseas Investment Management (《境外投資管理辦法》) was promulgated by the MOFCOM on March 16, 2009, which was amended on September 6, 2014 and came into effect on October 6, 2014. As defined therein, overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control and operation management rights of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. If the overseas investments involve sensitive countries and regions or industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration.

The Administrative Measures for Outbound 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 means any investment activities in which a domestic enterprise of the PRC obtains ownership, control, operation and management rights and other relevant interests directly or through its controlled overseas enterprise by contributing asset and/or interest or providing financing and/or guarantee. To conduct overseas investment, certain procedures shall be compiled with, including approval and record-filing of overseas investment projects, reporting relevant information and cooperating with the supervision and inspection. The NDRC promulgated the Catalog of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》) on January 31, 2018 and came into effect on March 1, 2018, to list the current sensitive industries in detail.

According to (i) the Foreign Exchange Administration Rules on Outbound Direct Investment of the PRC Organizations (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and became effective on August 1, 2009 and (ii) the Circular on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated on February 13, 2015 and became effective on June 1, 2015, which was partially abolished by the SAFE, a PRC enterprise which has completed the approval or filing procedures at the outbound investment regulatory authorities shall make the registration with SAFE through its designated banks in connection with its outbound direct investment and obtain a corresponding SAFE registration certificate. With the approval or filing certificate issued by the outbound investment regulatory authorities and the SAFE registration certificate, the PRC enterprise can remit funds outside the PRC through the designated banks for the purpose of outbound direct investment. In the event of changes to certain basic information of the offshore company registered at SAFE's system, the PRC enterprise shall make the alteration registration with SAFE through its designated banks.

Pursuant to the Notice on Issues concerning Foreign Exchange Control Pertaining to Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), promulgated by the SAFE with immediate effect on December 26, 2014, domestic companies listed overseas shall submit the registration documents for their overseas listings to domestic banks to open designated foreign exchange accounts regarding their initial or follow-on offerings and share repurchases, and handle the exchange, transfer and remittance of relevant funds through such designated accounts, and the proceeds raised from overseas listings of a domestic company may be remitted into the PRC or deposited overseas, and the use of such proceeds shall be consistent with those set out in the document or other publicly disclosed documents such as the corporate bonds offering documentations, board resolutions or shareholders' resolutions. The aforementioned provisions have been replaced by the Notice on Issues Concerning Fund Management Relating to Overseas Listings by Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), jointly issued by the People's Bank of China and SAFE on December 24, 2025, effective April 1, 2026. Under the new rules, proceeds from overseas listings, share reductions or transfers may be repatriated in foreign currency or RMB; H-share "Full Circulation" issuers shall pay dividends to domestic shareholders in RMB within the PRC; proceeds repatriated in foreign currency may be freely converted; issuers may choose their own exchange rate risk management methods; and, in principle, such funds should be promptly remitted back to the PRC, unless approved or filed with the competent authorities before the closing of the overseas listing or over-allotment for offshore uses.

K. Regulations on Data Security

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was issued by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, any organization or individual that conducts data processing activities shall comply with laws and regulations, respect social morality and ethics, uphold business ethics and professional ethics, be honest and trustworthy, fulfill data security protection obligations, and assume social responsibilities, and shall not endanger national security or public interests, or harm the legitimate rights and interests of individuals or organizations. Any organization or individual collecting data shall do so in a lawful and legitimate manner, and shall not steal or obtain data in other illegal means.

According to the Regulations on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021, and effective on September 1, 2021, critical information infrastructure means network facilities and information systems in important industries and fields, such as public communication and information services, energy, transportation, irrigation, finance, public services, e-government and science and technology industries for national defense, which may seriously endanger national security, national economy and people's livelihood, and public interests in the event that they are damaged or lose their functions or their data are leaked. The Regulations emphasize that no individual or organization may engage in any activity of illegally hacking into, interfering with, or damaging any critical information infrastructure or endanger the critical information infrastructure security. The Regulations note that competent authorities shall, in accordance with identification rules, be responsible for organizing the identification of critical information infrastructure of respective industries and fields, notify the operators concerned of the identification results in a timely manner, and report the same to the public security department under the State Council. As of the latest practicable date, we had not been notified that we are recognized by any competent authority or regulatory authority as a critical information infrastructure operator.

Pursuant to the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Measures**"), which was jointly issued by the CAC, the NDRC, the MIIT, and ten other PRC regulatory authorities on December 28, 2021 and came into effect on February 15, 2022, any procurement of network products and services by critical information infrastructure operators or any data processing activities by network platform operators, that affect or may affect national security, shall be subject to cybersecurity review. Any network platforms operators in possession of the personal information of more than one million users that is going to be listed abroad shall file for cybersecurity review with the Cybersecurity Review Office.

The MIIT promulgated the Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) on December 28, 2022, and came into effect on January 1, 2023. The Measures applies to the data processing activities in the field of industry and information technology carried out within the territory of China, and sets out a series of data security protection obligations for data processors in such field, such as establishing a full life-cycle data security management system, appointing data security management personnel, and conducting filings for the important data and core data processed by the data processors.

L. Regulations on Foreign Exchange

Under the PRC Foreign Exchange Administration Rules (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the State Administration of Foreign Exchange (the "**SAFE**"), and other relevant PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for capital account items, such as direct equity investments, loans, and repatriation of investment, requires the prior approval from SAFE or its local office.

On March 30, 2015, the SAFE promulgated the Notice on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded 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》) (the "**Circular 19**"), which came into effect on June 1, 2015 and was last amended on March 23, 2023. According to Circular 19, the foreign exchange capital of FIEs shall be subject to the discretional foreign exchange settlement (the "**Discretional Foreign Exchange Settlement**") and its proportion is temporarily determined as 100%. Furthermore, Circular 19 stipulates that the use of capital by FIEs shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of an FIE and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for certain purposes as prescribed in the Circular 19. The Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which was promulgated by the SAFE on June 9, 2016 and was revised on December 4, 2023, unifies policies on discretionary settlement of foreign exchange receipts under capital accounts of domestic institutions.

The Circular of the SAFE on Optimizing Foreign Exchange Management to Support the Development of Foreign-Related Businesses (《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》), which was promulgated by the SAFE on April 10, 2020 and came into effect on June 1, 2020, provides that, subject to the authenticity, compliance and conformity of fund usage with the prevailing regulations on the administration of capital account income, qualified enterprises are permitted to use proceeds from capital projects, including capital contributions, foreign debts and overseas listings, for domestic payments without being required to submit supporting documents evidencing authenticity to banks on a transaction-by-transaction basis in advance.

The Circular of the SAFE on Further Deepening Reforms to Promote Cross-border Trade and Investment Facilitation (the"**Circular 28**") (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), which was promulgated by the SAFE and came into effect on December 4, 2023, provides that foreign exchange funds received by domestic equity transferors from domestic entities as consideration for equity transfers, as well as foreign exchange funds raised from overseas listings of domestic enterprises, may be directly remitted into capital accounts for capital project settlement. Funds in capital project settlement accounts may be independently settled and utilized. In addition, RMB funds received by domestic equity transferors from foreign-invested enterprises as consideration for equity transfers, where such RMB funds are derived from foreign exchange settlement, may be directly

transferred to the RMB accounts of the domestic equity transferors.

The Circular of the SAFE on Further Simplifying and Improving Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局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 promulgated by the SAFE on February 13, 2015 and came into effect on June 1, 2015, provides that the registration of confirmation of non-monetary capital contributions by foreign investors and the registration of confirmation of capital contributions for foreign investors' acquisition of domestic equity under domestic direct investment were cancelled. Where foreign investors make capital contributions in the form of currency, including cross-border foreign exchange or RMB, the deposit bank shall, upon receipt of the relevant capital funds, directly conduct the registration of domestic direct investment monetary capital contributions through the SAFE Capital Account Information System before such capital funds may be utilized. The Circular further provides that foreign exchange filing requirements for overseas reinvestment are cancelled, and overseas enterprises established or controlled by domestic investment entities are no longer required to complete foreign exchange filing procedures for reinvestment abroad to establish or control new overseas enterprises.

M. Regulations on Taxation

Enterprise Income Tax

According to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the Corporate Income Tax Law, last amended and became effective on December 29, 2018, and the Implementation Regulations for the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), or the Implementation Regulations for the Corporate Income Tax Law, last amended on December 6, 2024, all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%, except for the high-tech enterprises provided by the state, which will be subject to enterprise income tax at the reduced rate of 15%, or the qualified small low-profit enterprises, which will enjoy the reduced enterprise income tax rate of 20%.

Enterprises that are recognized as High and New Technology Enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science on April 14, 2008 and amended on January 1, 2016, the MOF and the SAT are entitled to enjoy a preferential corporate income tax rate of 15%. The validity period of the High and New Technology Enterprise qualification is three years from the date of issuance of the certificate. An enterprise can re-apply for recognition as a High and New Technology Enterprise before or after the previous certificate expires.

Value-added Tax

Pursuant to the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》) and the Regulations for the Implementation of the Value-Added Tax Law of the PRC (《中華人民共和國增值税法實施條例》), both promulgated on December 25, 2024 and effective on January 1, 2026, entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with this Law. Taxpayers that sell goods, provide processing, repair and replacement services, tangible movables leasing services or import goods are subject to a tax rate of 13% unless otherwise specified in the aforesaid regulations.

Urban Maintenance and Construction Tax and Education Surcharge

The Law of the People's Republic of China on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設税法》), which came into effect on September 1, 2021, provides that all taxpayers subject to value-added tax are also taxpayers of urban maintenance and construction tax. Such taxpayers are required to pay urban maintenance and construction tax at a rate of 7% if the taxpayer is located in an urban area, 5% if the taxpayer is located in a county-level city or town, and 1% if the taxpayer is located in an area other than an urban area, county-level city or town.

According to the Interim Provisions on the Levy of Education Surcharge (《徵收教育費附加的暫行規定》), which came into effect on July 1, 1986 and were last amended and became effective on January 8, 2011, all taxpayers subject to value-added tax are required to pay an education surcharge. The education surcharge is calculated based on the actual amount of value-added tax paid by each entity or individual at a surcharge rate of 3%, and is payable concurrently with the value-added tax.

Tax on Dividend

According to the Foreign Investment Law of the People's Republic of China and its implementing regulations (《中華人民共和國外商投資法》及其實施條例), as well as the Company Law of the People's Republic of China (《中華人民共和國公司法》), foreign-invested enterprises may distribute dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and relevant regulations. PRC companies are required to set aside at least 10% of their accumulated after-tax profits, if any, each year as a statutory surplus reserve until the aggregate amount of such reserve reaches 50% of the registered capital of the enterprise. PRC companies are not permitted to distribute any profits unless losses from prior fiscal years have been fully offset. Retained earnings from prior fiscal years may be distributed together with distributable profits of the current fiscal year.

According to the Enterprise Income Tax Law of the People's Republic of China and the Regulations for the Implementation of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法》及其實施條例), dividends declared to shareholders that are non-resident enterprises without an establishment or place of business in the PRC, or with an establishment or place of business in the PRC but where the relevant income is not effectively connected with such establishment or place of business, are generally subject to PRC withholding enterprise income tax at a rate of 10%, unless a tax treaty or arrangement entered into between the PRC and the jurisdiction of incorporation of such non-resident enterprise shareholder provides for a preferential withholding tax rate.

N. Regulations on the Management of Leasing

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county where the house leased is located. The relevant parties may entrust others in writing to complete the house leasing registration and filling. If the relevant parties fail to make registration, they may be ordered to make corrections within a specified time limit by the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county. And if such company fails to make corrections, a fine not less than RMB1,000 and not more than RMB10,000 will be imposed on each lease agreement.

O. Regulations on Overseas Listing

The Trial Administrative Measures of the 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》), or the Overseas Listing Trial Measures and relevant five guidelines was promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023. The Overseas Listing Trial Measures has comprehensively improved and reformed the previous regulatory regime for overseas offering and listing of shares of PRC domestic companies and it regulates both direct and indirect overseas offering and listing of shares of PRC domestic companies by adopting a filing-based regulatory regime.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and market securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas offering and listing of shares is explicitly prohibited under any of the following circumstances: (i) such offering and listing of shares is explicitly prohibited by PRC laws and regulations, (ii) the proposed offering and listing of shares has been reviewed by competent authorities under the

State Council in accordance with law and is determined such proposed offering and listing of shares will endanger national security, (iii) the domestic company which proposed to offer and list its shares overseas, or its controlling shareholder(s) and the actual controller of the company, have committed crimes in relation to corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years, (iv) the domestic company which proposed to offer and list its shares overseas is currently under investigations due to suspected crimes or major violations of laws and regulations, and no conclusion has yet been made thereof, or (v) there are material ownership disputes over the shares held by controlling shareholder(s) or controlled by the controlling shareholder(s) and/or actual controller of the domestic company.

The proposed overseas offering and listing of shares of domestic unlisted companies shall be in strict compliance with laws and regulations on national security in respect of foreign investment, cybersecurity, data security etc., and duly fulfill their obligations to protect national security. If national security review is triggered by the proposed overseas offering and listing of share of the company, the application for such offering and listing of shares shall not be submitted to the overseas security regulatory authorities or oversea stock exchange prior to the completion of the national security review in accordance with PRC laws and regulations.

The Overseas Listing Trial Measures further provides that the domestic companies that seek to offer and market securities in overseas markets shall file the application for the overseas initial public listing and offering of shares with the CSRC within three business days after the application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control, or voluntary or forced delisting of the issuer who have completed overseas offerings and listings. Where a domestic company fails to fulfill filing procedure or in violation of the provisions as stipulated above, in respect of its overseas offering and listing, the CSRC shall order rectification, issue warnings to such domestic company, and impose a fine ranging from RMB1,000,000 to RMB10,000,000. Also, the directly liable persons and actual controllers of the domestic company that organize or instruct the aforementioned violations shall be warned and/or imposed fines.

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》), or the Provision on Confidentiality, which starts to implement on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses documents and materials involving national secrets and working secrets of state organs ("**relevant documents and materials**") to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses relevant documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit 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 complete the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and out-of-country transfers shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

OVERVIEW OF SANCTIONS, EXPORT CONTROL AND TARIFFS LAWS AND REGULATIONS

Sanction

Set out below is a summary of the sanction regimes imposed by U.S., the United Nations, the EU, the United Kingdom and United Kingdom overseas territories and Australia. This summary does not set out the laws and regulations relating to the U.S., the United Nations, the EU, the United Kingdom and Australian sanctions in their entirety.

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("**green card**" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, Syria, the Crimea, the so-called Luhansk People's Republic and the Donetsk People's Republic regions. OFAC also prohibits U.S. persons from dealing with or facilitating dealings with individuals, entities and organizations identified in the SDN List or other sanctions lists. Doing business with individuals or entities from a country or region subject to selective sanctions maintained by OFAC (currently including Russia, Belarus, Venezuela and other countries/regions) will not automatically trigger sanctions risks unless a Sanctioned Target is involved. An entity that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) is also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes. The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote nonproliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees. United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union ("EU")

Under EU sanction measures, there is no 'blanket' ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity

to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to EU sanctions where that counterparty is not a Sanctioned Target and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Targets.

United Kingdom ("UK")

UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 ("**the UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The United Kingdom is no longer an EU member state as of January 1, 2021. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs through regulations setting out the specific measures under each UK sanctions regime.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

Export Control

The U.S. Export Administration Regulations (the "**EAR**") govern the export, reexport and transfer (in-country) of "items subject to the EAR" and have an extraterritorial application. In general, the EAR may apply to (i) items of U.S. origin; (ii) foreign-made items that incorporate controlled U.S.-origin content exceeding the applicable de minimis threshold; and (iii) certain foreign-made items that are the direct product of specified U.S.-origin technology or software under the Foreign Direct Product ("**FDP**") rules.

Compliance with the EAR is generally determined based on multiple factors, including a product's export control classification, the destination of the transaction, the end use of the item, and the status of the relevant counterparty or end user under applicable U.S. restrictive lists, such as the U.S. Entity List. Depending on these factors, certain exports, reexports or transfers may be subject to licensing requirements or other restrictions under the EAR.

U.S. Import and Export Tariff Policies

The United States has adopted various import tariff measures in recent years pursuant to multiple statutory authorities, including Section 301 of the Trade Act of 1974, Section 232 of the Trade Expansion Act of 1962 and the International Emergency Economic Powers Act ("**IEEPA**").

Section 301 tariffs authorize the Office of the United States Trade Representative to impose tariff and non-tariff measures in response to certain acts, policies or practices of foreign governments that are deemed to violate international trade agreements or otherwise burden or restrict U.S. commerce. Tariffs imposed under Section 301 are product-specific and may apply to imports from designated jurisdictions. Section 232 tariffs permit the U.S. government to impose import restrictions on certain products following a determination that such imports threaten to impair U.S. national security. Measures adopted under Section 232 are based on industry-specific investigations conducted by the U.S. Department of Commerce.

In addition, the U.S. government has, in certain circumstances, invoked IEEPA to impose tariffs in response to declared national emergencies. Tariffs imposed under IEEPA may be adopted without a formal investigation process and are subject to significant policy discretion. As a result, such measures may be subject to legal challenges and may be adjusted, suspended or revoked depending on administrative, judicial or diplomatic developments. During the same period, China has adopted corresponding countermeasures, including the imposition of additional tariffs on certain U.S.-origin products, primarily in response to tariff measures imposed by the United States.

OVERVIEW OF JAPAN'S LEGAL AND REGULATORY FRAMEWORK

The Legal Framework of Export Control in Japan

Japan's export control regime is governed by the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended; hereinafter, the "**FEFT Act**"). The FEFT Act is intended to contribute to the sound development of the Japanese economy by, while respecting the principle of freedom of foreign exchange and foreign trade, implementing only the minimum necessary controls or adjustments in order to maintain the peace and security of Japan and the international community, as well as to ensure balance of international payments and currency stability. These policy objectives apply irrespective of the relationship between the exporter and the recipient. Accordingly, exports are subject to export control regulations regardless of any corporate affiliation, including exports to a parent company.

Listing Regulation and the Catch-all Regulation

Export controls under the FEFT Act consist of list-based controls, which focus on the functions and performance of goods and technologies, and catch-all controls, which focus on end users and end uses. Goods and technologies subject to list-based controls[1] (the "**Listed Items**") are stipulated, with respect to goods, in Article 48, paragraph (1) of the FEFT Act and Items 1 through 15 of Appended Table 1 to the Export Trade Control Order, and, with respect to technologies, in Article 25, paragraph (1) of the FEFT Act and Items 1 through 15 of Appended Table 1 to the Foreign Exchange Order. Exports of such Listed Items require an individual export license from the Minister of Economy, Trade and Industry pursuant to Article 25, paragraph (1) or Article 48, paragraph (1) of the Foreign Exchange and Foreign Trade Act, regardless of the destination.

Catch-all controls[2] (Item 16 of Appended Table 1 to the Export Trade Control Order) apply to all goods and technologies other than Listed Items, except for food and other items that are clearly unrelated to the development of weapons of mass destruction.

Where there is a risk that the goods or technologies may be used for the development of weapons of mass destruction or for the development, manufacture, or use of conventional weapons, an individual license from the Minister of Economy, Trade and Industry is required. In addition, the Minister of Economy, Trade and Industry maintains a Foreign End User List, which identifies foreign companies and organizations that are or have been involved in the development of weapons of mass destruction.

Exports to parties listed on this Foreign End User List require an individual export license from the Minister of Economy, Trade and Industry, unless it is clearly established that the relevant goods or technologies will not be used for purposes related to the development of weapons of mass destruction.

Penalty

Any person or legal entity who has exported goods or technologies prescribed by the provisions of an order pursuant to Article 25, Paragraph 1 or Article 48, Paragraph 1 without obtaining permission pursuant to the provisions of said paragraph, shall be punished by imprisonment with work for not more than seven years or a fine of not more than twenty million Japanese yen, or both; provided, however, that when five times the price of the subject matter of the violation exceeds twenty million yen, the maximum fine shall be an amount not exceeding five times such value (Article 69–6, paragraph (1)).

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1 "List-based controls" refer to a regulatory system under which technologies that are highly likely to be diverted for use in weapons or military equipment are specified on a control list, and any technology falling under such list uniformly requires prior authorization.

2 "Catch-all controls" refer to a regulatory system under which, even if a technology is not specified on a control list, prior authorization is required where (i) there is a risk that the technology may be used for the development of weapons of mass destruction or conventional weapons, and/or (ii) the recipient or end-user is involved in activities related to such development or is listed on the Foreign End User List.

The Legal Framework of Workplace Safety in Japan

Labor Standards Act

Under the Labor Standards Act, employers are required to ensure that employees who are granted ten (10) or more days of paid annual leave take at least five (5) days of such leave each year (Article 39, paragraph (7)). In addition, as statutory working hours, employees may not, in principle, be required to work more than eight (8) hours per day or forty (40) hours per week (Article 32, paragraph (1)). However, where a labor-management agreement has been concluded, overtime work is permitted in principle within the limits of forty-five (45) hours per month and three hundred sixty (360) hours per year (Article 36, paragraph (4)). Violations may result in imprisonment for up to six (6) months or a fine of up to JPY300,000 (Article 119).

Industrial Safety and Health Act

Pursuant to Article 59 of the Industrial Safety and Health Act, employers are required to provide safety and health education to employees at the time of hiring and upon any change in job duties. Employers are also obligated to conduct medical examinations by physicians at least once a year for the purpose of maintaining and promoting employees' health (Article 66, paragraph (1) of the Labor Standards Act and Article 44, paragraph (1) of the Enforcement Regulations). Violations of these obligations may result in a fine of up to JPY500,000 (Article 120, paragraph (1)).

Fire Service Act

Under Article 17 of the Fire Service Act, businesses are required to install fire protection equipment and facilities. Such equipment must be inspected on a regular basis at least once every six (6) months (Article 17–3–3).

Major categories of fire protection equipment subject to installation and inspection include(Article 7, paragraph (1) of the Enforcement Order of the Labor Standards Act): fire extinguishing equipment (fire extinguishers, indoor fire hydrant systems, sprinkler systems, etc.); alarm systems (automatic fire alarm systems, etc.); and evacuation equipment (escape devices, emergency exit signs, etc.). In addition, businesses are required to appoint a Fire Prevention Manager, prepare a fire prevention plan, and implement necessary fire prevention measures based on such plan, including fire suppression, emergency reporting, evacuation drills, and inspection and maintenance of fire protection equipment and facilities (Article 8). Failure to comply with reporting obligations regarding equipment inspections or notification obligations regarding the appointment or dismissal of a Fire Prevention Manager may result in a fine of up to JPY300,000 or detention (Article 44, items (viii) and (xi)).

Act on Waste Management and Public Cleansing

Under Article 3, paragraph (1) of the Act on Waste Management and Public Cleansing, business operators are required to properly dispose of waste generated in the course of their business activities at their own responsibility.

Accordingly, the responsibility for proper waste disposal rests with the waste-generating business operator. If a business operator violates this provision and engages in illegal dumping, such operator may be subject to imprisonment for up to five (5) years, a fine of up to JPY10 million, or both (Article 25, paragraph (1), item (xiv)).

Where such violation is committed in the course of a corporation's business, the corporation itself may also be subject to a criminal fine of up to JPY300 million (Article 32).

The Legal Framework of Taxation in Japan

In Japan, various tax laws and regulations are applied to our Japanese Subsidiary including the Corporation Tax Act, the Consumption Tax Act.

OVERVIEW

We are a major micro motor manufacturer, engaged in the design, R&D, manufacturing and sales of micro drive motors. As an early established participant in imaging motor field, we have built a strategic footprint with dual manufacturing bases in Jiaxing and Hefei and dual R&D centers in China and Japan. Under the leadership of Mr. Cai, our executive Director and vice chairman of the Board, Chief Executive Officer, we ranked No. 6 globally and No. 2 in China in the imaging motor market based on revenue in 2025, with market shares of 3.3% and 9.8%, respectively, according to Frost & Sullivan. For details of the biographies of Mr. Cai, see "Directors and Senior Management". Our products are deployed in smartphones and handheld imaging devices, and have been introduced into security and surveillance, consumer-grade UAVs, robotics including embodied robotics, smart home devices and automotive electronics.

Our history can be traced back to September 17, 2014, when our Company was established as a limited liability company with a registered capital of RMB60.0 million. After rounds of financing and with the strong support of our core management team, strategic investors and partners, we have gathered a diverse group of shareholders covering industrial investors and financial institutions, laying a solid foundation for sustainable development. On November 26, 2025, our Company was converted into a joint stock company with limited liability. For details of our pre-**[REDACTED]** Investment, please refer to the section headed "Pre-**[REDACTED]** Investments" below.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

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

Year	Development Milestones
2014	Our Company was established as a limited liability company in September in Jiaxing, Zhejiang, the PRC.
2015	Achieved large-scale production of VCM in October.
	The Company began to transact with OFILM in November.
2019	We completed the Series A Financing in January.
2020	We completed the Series B Financing in June.
	We established New Shicoh Japan in December.
2021	Achieved mass production of OIS motors in March.
	We established New Shicoh Hefei in April.
	We completed the Series C Financing in December.
2023	We completed the Series C+ Financing in January.
	Achieved mass production of periscope motors, applied in products of leading smartphone brands in January.
2025	Achieved mass production of SMA motors in August.
	The Company was converted into a joint stock company with limited liability under the name of New Shicoh Motor Co., Ltd. (新思考電機股份有限公司) in November.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation or have key strategic value to the Group during the Track Record Period:

Name of subsidiary	Date and place of establishment	Equity interest attributable to the Group	Principal business activities
New Shicoh Hefei	April 29, 2021, PRC	100%	Motor manufacturing
New Shicoh Japan	December 15, 2020, Japan	100%	Development and research of motors

MAJOR HISTORICAL SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of our Company

Our history can be traced back to 2014, when our Company was established as a limited liability company with a registered capital of RMB60.0 million. At the time of its establishment, our Company was wholly owned by Shicoh MOTOR (Shanghai) Co., Ltd.* (思考電機(上海)有限公司) ("**Shanghai Shicoh**"), the ultimate beneficial owner of which is Mr. Yan Zhongliang (閆忠良), an independent third party.

From April to July 2015, Shanghai Shicoh entered into multiple equity transfer agreements with certain shareholders, the consideration was determined after arm's length negotiation and settled in July 2015. The shareholding structure of our Company was as follow upon completion:

Shareholder(s)	Registered share capital subscribed for	Equity interest
	(RMB)	*(%)*
Shanghai Shicoh	34,692,000	57.82%
Star Group Co., Ltd (星星集團有限公司)	4,275,000	7.13%
Shanghai Suicheng Investment Management Partnership (Limited Partnership) (上海隨成投資管理合夥企業(有限合夥))	3,420,000	5.70%
Shanghai Suigong Investment Management Partnership (Limited Partnership) (上海隨功投資管理合夥企業(有限合夥))	3,420,000	5.70%
Xing Kaicheng (邢開誠)	2,736,000	4.56%
Xia Jun (夏軍)	2,052,000	3.42%
Chen Xiaofeng (陳曉峰)	2,052,000	3.42%
Liu Senlin (劉森林)	1,710,000	2.85%
Wang Haochen (王浩晨)	1,710,000	2.85%
Xie Feng (謝峰)	1,710,000	2.85%
Zhao Chude (趙楚德)	1,368,000	2.28%
Chen Liyi (陳麗藝)	855,000	1.43%
Total	**60,000,000**	**100%**

Equity transfers and increases in registered share capital in 2015

On September 30, 2015, the Company held a shareholders meeting and resolved to approve the transfer of 2.85% of the equity interest of the Company from Wang Haochen (王浩晨) to Wang Zhishun (王志順) for a consideration of RMB5.98 million determined after arm's length negotiation and the transfer of 1.425% of the equity interest of the Company from Chen Liyi (陳麗藝) to Tian Jinghui (田婧慧) for a consideration of RMB2.99 million determined after arm's length negotiation. On October 20, 2015, the registered capital of the Company was increased from RMB60.0 million to RMB68.6 million, among which RMB4.3 million was subscribed by Star Group Co., Ltd (星星集團有限公司), RMB1.72 million was subscribed by Wang Zhishun (王志順), RMB1.72 million was subscribed by Xie Feng (謝峰) and RMB0.86 million was subscribed by Tian Jinghui (田婧慧).

Following completion of certain equity transfer and the aforesaid capital increases, the shareholding of our Company was as follows:

Shareholder(s)	Registered share capital subscribed for	Equity interest
	(RMB)	*(%)*
Shanghai Shicoh	34,692,000	50.57%
Star Group Co., Ltd (星星集團有限公司)	8,575,000	12.50%
Wang Zhishun (王志順)	3,430,000	5.00%
Xie Feng (謝峰)	3,430,000	5.00%
Shanghai Suicheng Investment Management Partnership (Limited Partnership) (上海隨成投資管理合夥企業(有限合夥))	3,420,000	4.99%
Shanghai Suigong Investment Management Partnership (Limited Partnership) (上海隨功投資管理合夥企業(有限合夥))	3,420,000	4.99%
Xing Kaicheng (邢開誠)	2,736,000	3.99%
Xia Jun (夏軍)	2,052,000	2.99%
Chen Xiaofeng (陳曉峰)	2,052,000	2.99%
Tian Jinghui (田婧慧)	1,715,000	2.50%
Liu Senlin (劉森林)	1,710,000	2.49%
Zhao Chude (趙楚德)	1,368,000	1.99%
Total	**68,600,000**	**100%**

Equity transfers in 2016

On November 20, 2016, Mr. Cai entered into an equity transfer and cooperation agreement with Mr. Yan Zhongliang (閻忠良) ("**Mr. Yan**"), the ultimate beneficial owner of Shanghai Shicoh, Shanghai Suigong Investment Management Partnership (Limited Partnership) (上海隨功投資管理合夥企業(有限合夥)), and Shanghai Suicheng Investment Management Partnership (Limited Partnership) (上海隨成投資管理合夥企業(有限合夥)). Pursuant to the agreement, Mr. Cai agreed to acquire an aggregate of approximately 90.03% equity interest in the Company for a total consideration of RMB130.5 million determined after arm's length negotiation, while Mr. Yan, either directly or through entities under his control, agreed to acquire approximately 9.97% equity interest.

On November 21, 2016, Mr. Cai agreed to acquire equity interests in the Company from multiple shareholders, including approximately 50.57% from Shanghai Shicoh for a consideration of approximately RMB26.05 million determined after arm's length negotiation, and all the other remaining Shareholders' interests in the Company. Following completion of aforesaid equity transfer, the shareholding of our Company was held as to 90.03% by Mr. Cai and 9.97% by Shanghai Shicoh, respectively.

Equity transfer in 2020

On February 20, 2020, Mr. Xing Kaicheng (邢開誠) entered into an equity transfer agreement with Jiashan Changxin, pursuant to which Mr. Xing Kaicheng agreed to transfer approximately 2.76% equity interest in the Company to Jiashan Changxin for a total consideration of RMB8.80 million determined after arm's length negotiation with reference to the prevailing market conditions and the then net asset value of the Company, on the basis of an agreed overall valuation of approximately RMB319 million. Following completion of the aforesaid equity transfer, the shareholding of our Company was as follows:

Shareholder(s)	Registered share capital subscribed for	Equity interest
	(RMB)	*(%)*
Mr. Cai	61,760,000	83.60%
Mr. Li Weichun	4,802,000	6.50%
Jiashan Changxin	2,038,000	2.76%
Changjiang Securities	5,224,154	7.07%
Heying Tongsheng	52,769	0.07%
Total	**73,876,923**	**100%**

Equity transfers in 2021

On January 10, 2021, Mr. Cai entered into an equity transfer agreement with Shenzhen Hezheng, Dr. Cai, Shenzhen Changxin and Jiashan Changxin, pursuant to which Mr. Cai agreed to transfer approximately 35.75% equity interest to Shenzhen Hezheng for a total consideration of RMB171.60 million, approximately 9.01% equity interest to Dr. Cai for a total consideration of RMB43.22 million, approximately 10.00% equity interest to Shenzhen Changxin for a total consideration of RMB37.20 million and approximately 2.77% equity interest to Jiashan Changxin for a total consideration of RMB10.29 million. These considerations were determined through arm's length negotiations, with reference to the then-current book net asset value of the Company, and on the basis of an agreed overall valuation of approximately RMB480 million. The lower implied valuations for the transfers to Shenzhen Changxin and Jiashan Changxin reflected the specific nature and purposes of the relevant internal restructuring of Mr. Cai's shareholding from direct to indirect ownership through an entity controlled by him and specific purposes of such internal employee incentive arrangements, respectively. Upon completion of the transfer, Dr. Cai and Shenzhen Hezheng became a Controlling Shareholder of the Company. On the same day, Mr. Li Weichun (李偉純) entered into an equity transfer agreement with Shenzhen Hezheng, pursuant to which Mr. Li Weichun agreed to transfer approximately 5.39% equity interest to Shenzhen Hezheng for a total consideration of RMB25.89 million determined after arm's length negotiation with reference to the prevailing market conditions and the then net asset value of the Company, on the basis of an agreed overall valuation of approximately RMB 480 million. Following completion of the aforesaid equity transfer, the shareholding of our Company was as follows:

Shareholder(s)	Registered share capital subscribed for	Equity interest
	(RMB)	*(%)*
Mr. Cai	10,553,846	11.86%
Dr. Cai	8,016,497	9.01%
Shenzhen Hezheng	36,627,682	41.14%
Shenzhen Changxin	8,902,169	10.00%
Jiashan Changxin	4,499,806	5.05%
Changjiang Securities	5,224,154	5.87%
Heying Tongsheng	52,769	0.06%
Beijing Yitang	5,910,154	6.64%
CICC Generation Fund I	5,171,385	5.81%
Hangzhou Huarui	2,216,308	2.49%
Chengdu Tianfu	1,108,154	1.24%
Zhejiang Chuangxiang	738,769	0.83%
Total	**89,021,693**	**100%**

On July 16, 2021, Jiashan Changxin entered into an equity transfer agreement with Hefei Jiatou, pursuant to which Jiashan Changxin agreed to transfer approximately 0.99% equity interest of our Company to Hefei Jiatou for a total consideration of RMB3.47 million determined after arm's length negotiation. Following completion of the aforesaid equity transfer, the shareholding of our Company was as follows:

Shareholder(s)	Registered share capital subscribed for	Equity interest
	(RMB)	*(%)*
Mr. Cai	10,553,846	11.86%
Dr. Cai	8,016,497	9.01%
Shenzhen Hezheng	36,627,682	41.14%
Shenzhen Changxin	8,902,169	10.00%
Jiashan Changxin	3,615,969	4.06%
Hefei Jiatou	883,837	0.99%
Changjiang Securities	5,224,154	5.87%
Heying Tongsheng	52,769	0.06%
Beijing Yitang	5,910,154	6.6%
CICC Generation Fund I	5,171,385	5.81%
Hangzhou Huarui	2,216,308	2.49%
Chengdu Tianfu	1,108,154	1.24%
Zhejiang Chuangxiang	738,769	0.83%
Total	**89,021,693**	**100%**

As of the Latest Practicable Date, Dr. Cai and his wholly owned Shenzhen Hezheng collectively held 34.54% of the total issued share capital of the Company. Mr. Cai and his limited partnership platforms where he serves as the general partner, namely Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou collectively held 22.43% of the total issued share capital of the Company.

Acting-in-concert Agreement

To support the Group's long-term stable development and enhance major shareholders' exercise of their rights and decision-making power, on November 5, 2024, Dr. Cai, Shenzhen Hezheng, Mr. Cai and Shenzhen Changxin (together, the "**Concert Parties**") entered into an acting-in-concert agreement, pursuant to which, all the Concert Parties confirmed and agreed to act in concert by aligning their votes at the Board and/or the shareholders' meetings of our Company by following the decisions of Dr. Cai, subject to compliance with applicable laws, regulations and the articles of association of the Company, including directors' fiduciary duties. In addition, Mr. Cai is the general partner of Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou, and held approximately 97.31%, 15.08% and 1.13% of the equity interests in Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou, respectively. Therefore, Dr. Cai, Shenzhen Hezheng, Mr. Cai, Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou are our group of Controlling Shareholder, and in aggregate held approximately 56.97% of the total issued share capital of our Company as of the Latest Practicable Date.

Pre-[REDACTED] Investments

We have entered into several rounds of Pre-**[REDACTED]** Investments with our Pre-**[REDACTED]** Investors. For further details, please refer to the paragraphs headed "– Details of the Pre-**[REDACTED]** Investments" in this section below.

As of the Latest Practicable Date, all considerations for subscriptions or acquisition of Shares from the Company or our Shareholders have been irrevocably settled and legally completed.

Pre-[REDACTED] Employee Incentive Platforms

We have established two pre-**[REDACTED]** employee incentive platforms, namely Jiashan Changxin and Hefei Jiatou (collectively, the "**Employee Incentive Platforms**"), with the aim to enhance the Company's incentive mechanisms and establish a robust long-term motivation and constraint framework. The Employee Incentive Platforms aim to strengthen employees' commitment to the Company's sustainable growth, incentivize the enthusiasm and creativity of employees, align the interests of employees with the Company's long-term development, and to promote better development of the Company.

Pursuant to the partnership agreements of the Employee Incentive Platforms ("**Partnership Agreements**"), the Company has granted certain partnership interests in Jiashan Changxin and Hefei Jiatou. The Employee Incentive Platforms do not involve the issuance of new Shares or grant of awards by the Company after the **[REDACTED]**. For further details of the Partnership Agreements, please see "Appendix IV – Statutory and General Information – C. Pre-**[REDACTED]** Employee Incentive Platforms."

Each of Jiashan Changxin and Hefei Jiatou was established in the PRC as a limited partnership, and an employee shareholding platform. Mr. Cai is the sole general partner of each of them, and is responsible for their respective management and exercising the voting rights attaching to the Shares or limited partnership interests held by each of them, in accordance with the Partnership Agreements entered into among their respective general and limited partners.

Conversion into a Joint Stock Company with Limited Liability

On September 20, 2025, our then Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company with limited liability. Pursuant to the promoters' agreement entered into by all the then Shareholders on even date, all promoters approved the conversion of RMB681,578,241.40 in net assets value of our Company into 106,826,031.00 Shares of RMB1.0 par value each, with the remaining RMB574,752,210.40 in net assets converted to capital reserves of our Company. The 106,826,031.00 Shares were issued to the then Shareholders of our Company in proportion to their capital contribution to our Company. Upon the completion of registration on November 26, 2025, our Company was converted into a joint stock company with limited liability.

After several rounds of pre-**[REDACTED]** investments and equity transfers, the establishment of the Employee Incentive Platforms, and upon the completion of the joint-stock reform, the shareholding structure of our Company was as follows:

Shareholders	**Number of Shares**	**Equity Interest**
		(%)
Shenzhen Hezheng	28,882,794	27.04%
Mr. Cai	10,553,846	9.88%
Jiashan Jingkai	8,902,170	8.33%
Shenzhen Changxin	8,902,169	8.33%
Dr. Cai	8,016,497	7.50%
Beijing Yitang	5,910,154	5.53%
CICC Generation Fund I	5,171,385	4.84%
Jiaxing Huaxing	3,793,252	3.55%
Jiashan Changxin	3,615,969	3.38%
Qingdao Qingchuang Boleshan	2,670,651	2.50%
Huzhou Huirui	2,373,888	2.22%
Ningbo Longhuahui	2,225,542	2.08%
Qingchuang Bole Jiuyi	2,225,542	2.08%
Lianjin Innovation	2,225,542	2.08%
Hangzhou Huarui	2,216,308	2.07%
Jiaxing Huaruishengyin	1,780,434	1.67%
Zhegu Youqi	1,335,325	1.25%
Zhejiang Huixin	1,335,325	1.25%
Chengdu Tianfu	1,108,154	1.04%
Hefei Jiatou	883,837	0.83%
Zhejiang Chuangxiang	738,769	0.69%
Jiaxing Future Star	667,663	0.63%
Jiaxing No. 1	667,663	0.63%
Huixin Phase 11	623,152	0.58%
Total	**106,826,031**	**100%**

DETAILS OF THE PRE-[REDACTED] INVESTMENTS

Principal terms of the Pre-[REDACTED] Investments

Our Company concluded several rounds of investments with the Pre-**[REDACTED]** Investors. The following table summarizes the key terms of the Pre-**[REDACTED]** Investments to our Company made by the Pre-**[REDACTED]** Investors by way of subscription:

	Series A Financing[1]	Series B Financing[2]	Equity Transfer[5]	Series C Financing[3]	Equity Transfer[6]	Equity Transfer[7]	Series C+ Financing[4]
Subscription/Transfer of registered capital	Subscription	Subscription	Transfer	Subscription	Transfer	Transfer	Subscription
Date of initial share purchase agreement	December 25, 2018	May 27, 2020	September 26, 2021	September 27, 2021	December 14, 2021	January 17, 2022	January 20, 2023
Date of the last payment of considerations	January 8, 2019	June 3, 2020	October 13, 2021	December 29, 2021	December 17, 2021	July 28, 2022	January 20, 2023
Approximate cost per Share[Note (1)]	RMB9.48	RMB13.54	RMB20.22	RMB22.47	RMB22.47[8]	RMB22.47	RMB22.47
Total amount of registered capital subscribed/acquired	RMB5.28 million	RMB15.14 million	RMB5.28 million	RMB13.35 million	RMB10.7 million	RMB11.0 million	RMB4.45 million
Amount of consideration	RMB50 million	RMB205 million	RMB107 million	RMB300 million	RMB80 million[8]	RMB248 million	RMB100 million
Discount to the [REDACTED][Note(2)]	Equity subscription: (i) [REDACTED]%, (ii) [REDACTED]%, (iii) [REDACTED]%	Equity subscription: (i) [REDACTED]%, (ii) [REDACTED]%, (iii) [REDACTED]%	Equity transfer: (i) [REDACTED]%, (ii) [REDACTED]%, (iii) [REDACTED]%	Equity subscription: (i) [REDACTED]%, (ii) [REDACTED]%, (iii) [REDACTED]%	Equity transfer: (i) [REDACTED]%, (ii) [REDACTED]%, (iii) [REDACTED]%	Equity transfer: (i) [REDACTED]%, (ii) [REDACTED]%, (iii) [REDACTED]%	Equity subscription: (i) [REDACTED]%, (ii) [REDACTED]%, (iii) [REDACTED]%
Post-money valuation of our Company[Note (3)(4)(5)]	RMB700 million	RMB1.205 billion	RMB1.8 billion	RMB2.3 billion	RMB2.3 billion	RMB2.3 billion	RMB2.4 billion

1 Investors involved in Series A Financing include Changjiang Securities and Heying Tongsheng.

2 Investors involved in Series B Financing include Beijing Yitang, CICC Generation Fund I, Hangzhou Huarui, Chengdu Tianfu, Zhejiang Chuangxiang.

3 Investors involved in Series C Financing include Huzhou Huirui, Lianjin Innovation, Jiaxing Huaruishengyin, Zhejiang Huixin, Ningbo Longhuahui, Zhejiang Zheli Investment Management Co., Ltd.* (浙江浙里投資管理有限公司), Jiashan Jingkai, Jiaxing Future Star, and Jiaxing No. 1.

4 Investor involved in Series C+ Financing is Jiashan Jingkai.

5 Investors include Jiaxing Huaxing, Huzhou Huirui.

6 Investors include Ningbo Longhuahui, Qingdao Qingchuang Boleshan, Zhejiang Zheli Investment Management Co., Ltd.* (浙江浙里投資管理有限公司), Jiashan Jingkai, Jiaxing Jiarui Future and Jiaxing No. 1.

7 Investors include Huixin Phase 11, Ningbo Longhuahui, Qingchuang Bole Jiuyi, and Zhegu Youqi.

8 Exclude certain equity transfer by Shenzhen Hezheng to Ningbo Longhuahui, Zhejiang Zheli Investment Management Co., Ltd.* (浙江浙里投資管理有限公司), Jiashan Jingkai, Jiaxing Jiarui Future and Jiaxing No. 1 at nil consideration, respectively. To the best of our Directors' knowledge and belief, the considerations in respect of these equity transfers were determined after arm's length negotiations between the parties, with reference to the fact that Shenzhen Hezheng had yet to make the required contribution to its subscribed registered capital of the Company at the time of the transfer.

Notes:

(1) The cost per Share paid by the Pre-**[REDACTED]** Investors was calculated based on the amount of investment made by the relevant Pre-**[REDACTED]** Investors and number of Shares acquired in each respective round of investment, as adjusted to reflect subsequent capital injections and the conversion of our Company from a limited liability company to a joint stock limited liability company on November 26, 2025, as applicable.

(2) The discount to the **[REDACTED]** is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the **[REDACTED]** is (i) HK$**[REDACTED]**, (ii) HK$**[REDACTED]** and (iii) HK$**[REDACTED]** per H Share (being low end, mid-point, and high end of the indicative **[REDACTED]** range, respectively).

(3) The post-money valuation of our Company equals the total consideration paid by each round of Pre-**[REDACTED]** Investors divided by the percentage of equity interests held of such investors immediately following their investments.

(4) The reasons for the increase in valuation from Series A Financing to Series B Financing were due to our Company's growth in revenue and profitability, including the expansion of revenue scale, improvement in gross profit margin and continuous growth in net profit, as well as enhanced cost control and operational efficiency achieved through technological upgrades and management optimization.

(5) The reasons for the increase in valuation from Series B Financing to Series C Financing were due to the rapid growth of the industry in which our Company operates, continued growth in revenue and profitability, and the strengthening of our Company's competitive barriers through the accumulation of core technology and proprietary patents, resulting in an expansion of market share.

Other principal terms of the Pre-[REDACTED] Investments

The table below sets forth the other principal terms of the Pre-**[REDACTED]** Investments:

Basis of determination of the valuation and consideration	The basis of determination for the consideration of the Pre-**[REDACTED]** Investments were from arm's length negotiation between our Company and the Pre-**[REDACTED]** Investors with reference to among others, (i) the status of our business operations and financial performance at the relevant time, (ii) the business value of the Company and its subsidiaries at the time of the Pre-**[REDACTED]** Investments, (iii) the market conditions and the market value of comparable companies at the relevant time, and (iv) the prospects of the Group's business scale, product capability and market position.
Use of proceeds and whether they have been fully utilized	We utilized the proceeds for daily operation. As of the Latest Practicable Date, all net proceeds from the Series A Financing, Series B Financing, Series C Financing and Series C+ Financing had been utilized by our Group.
Lock-up period	Subject to a lock-up period of 12 months following the **[REDACTED]** pursuant to the PRC Company Law.
Strategic benefits of the Pre-[REDACTED] Investments brought to our Group	Our Group would benefit from the additional capital injected by the Pre-**[REDACTED]** Investors in our Group, their business resources, knowledge and experience, potential business opportunities and benefits that may be provided by them, and their investments demonstrate their commitment and confidence in the business performance and operations, strengths and long-term prospects of our Group.

Special rights granted to the Pre-[REDACTED] Investors

According to a shareholders agreement dated January 20, 2023 entered into between the Company and the then Shareholders (the "**Shareholders Agreement**") and a supplemental shareholders agreement dated January 20, 2023 entered into between Jiashan Jingkai, Mr. Cai and the Company, the Pre-**[REDACTED]** Investors were granted certain special rights, including (i) the redemption right granted by our Company (the "**Company Redemption Right**"), (ii) the redemption right granted by certain Controlling Shareholders, namely Dr. Cai and Shenzhen Hezheng (the "**Controlling Shareholders Redemption Right**"), (iii) the right of preference upon liquidation exercisable upon the occurrence of the liquidation event prescribed under Article 6.1(2) of the Shareholders Agreement, namely, the failure of the repurchase obligor to perform its repurchase obligation for more than one month ("**Special Right of Preference upon Liquidation**"), and (iv) other special rights, such as other rights of preference upon liquidation, pre-emptive right, right of first refusal, anti-dilution right, tag-along and drag-along rights, director nomination right and information right (the "**Other Special Rights**").

(i) Company Redemption Right

In August 2025, in light of the Company's previous A share securitization attempt (as further described below) previous agreement with the Shareholders for its, the Company and its then Shareholders entered into a supplemental agreement (the "**First Supplemental Agreement**") to permanently and irrevocably terminate the Company Redemption Right, and the termination shall be *void ab initio* with effect from the day immediately prior to the issuance date of the financial report for the joint-stock reform of the Company. Pursuant to another supplemental agreement entered into by the Company and the Shareholders in December 2025 in preparation of the **[REDACTED]** (the "**Second Supplemental Agreement**", together with the First Supplemental Agreement, the "**Supplemental Agreements**"), the Special Right of Preference upon Liquidation was terminated prior to the first submission of the **[REDACTED]** application to the Stock Exchange and shall be *void ab initio*. Save for certain rights of preference upon liquidation, all Other Special Rights are not *void ab initio*. No Pre-**[REDACTED]** Investors had exercised their redemption rights during the Track Record Period. For details, please refer to note 30 of the Accountants' Report.

(ii) Controlling Shareholders Redemption Right

Pursuant to Article 143 of the Civil Code of the People's Republic of China (《中華人民共和國民法典》), a valid civil juristic act shall meet the following requirements: (i) the actor has relevant capacity for civil conduct; (ii) the intention expressed is genuine; and (iii) such act does not violate the mandatory provisions of laws and administrative regulations or the public order and good morals. Through the execution of the Supplemental Agreements, while the clauses concerning the Company Redemption Right and liquidation preference rights have never been exercised, both parties agreed to terminate these clauses and to treat them as having no legal effect from the time of their execution, thereby restoring the rights and obligations of both parties to the status quo ante as if such clauses had never been agreed upon. Such arrangement represents the genuine intention of the parties, does not violate any mandatory provisions of PRC laws or administrative regulations, or the public order and good morals, and is therefore legally valid under PRC law. Based on the above, our PRC Legal Advisor are of the view that the Company Redemption Right and rights of preference upon liquidation agreed upon by the Company and the Pre-**[REDACTED]** Investors have been irrevocably terminated and shall be deemed *void ab initio*.

Pursuant to the Second Supplemental Agreement, the Controlling Shareholders Redemption was terminated with effect from the day immediately prior to the first submission of the **[REDACTED]** application to the Stock Exchange. In the event that: (i) our Company withdrew its **[REDACTED]** application; (ii) our **[REDACTED]** application is rejected or returned by the Stock Exchange; (iii) our **[REDACTED]** application has expired and our Company does not re-submit an application within six months thereafter; or (iv) our Company fails to complete the **[REDACTED]** on or before December 31, 2027, the Controlling Shareholders Redemption Right shall be

reinstated. Save for the Company Redemption Right, the Controlling Shareholder Redemption Right and the Special Right of Preference upon Liquidation, which had been terminated, the Other Special Rights granted to Pre-**[REDACTED]** Investors will be terminated upon **[REDACTED]** in accordance with Chapter 4.2 of the Listing Guide.

Prior to the execution of the Supplemental Agreements, certain Pre-**[REDACTED]** Investors had exercised their director nomination rights pursuant to Article 1.3 of the Shareholders Agreement by nominating non-executive Directors to the Board. At the general meeting of our Company in relation to the **[REDACTED]** held in December 2025, our Shareholders approved the removal of the directors nominated by such Pre-**[REDACTED]** Investors and the election of new directors. In addition, certain Pre-**[REDACTED]** Investors had exercised their information rights pursuant to Article 12 of the Shareholders Agreement. As confirmed by our PRC Legal Advisor, the prior exercise of the special rights does not affect the conclusions drawn by our PRC legal advisor as set out above.

As confirmed by the Company, save as disclosed above, (i) there is no warranty provided by the Company or any other party in respect of the enforceability of the Company Redemption Right; (ii) there are no other side agreement between the Company and the Pre-**[REDACTED]** Investors or between the Company and the Controlling Shareholders regarding the Controlling Shareholder Redemption Right; and (iii) the Company did not provide any guarantee on the Controlling Shareholders Redemption Right in case of default by the Controlling Shareholders. Considering that the Company has no obligation to repurchase the Shares held by the Pre-**[REDACTED]** Investors, no redemption liability was recorded during the Track Record Period. For details, please refer to note 30 of the Accountants' Report.

Information regarding our key Pre-[REDACTED] Investors

Name of Pre-[REDACTED] Investors	Background
Jiashan Jingkai	Jiashan Jingkai is a limited partnership established in the PRC, principally engaged in equity investments and industrial investments. Its general partner is Wuhan Tongxin Licheng Investment Management Co., Ltd. (武漢同鑫力誠投資管理有限公司), which is in turn owned as to 83.9% by Zhong Jin (鐘瑾) and 16.1% by Chongqing Tongxin Chuangying Technology Development Partnership (Limited Partnership) (重慶同芯創盈科技發展合夥企業(有限合夥)). Jiashan Jingkai is owned as to 99% by Jiashan Jinghui High-tech Industry Venture Capital Co., Ltd. (嘉善經惠高新產業創業投資有限公司) and 1% by Wuhan Tongxin Licheng Investment Management Co., Ltd (武漢同鑫力誠投資管理有限公司). Jiashan Jinghui High-tech Industry Venture Capital Co., Ltd. (嘉善經惠高新產業創業投資有限公司) is ultimately owned and controlled by Jiashan Economic and Technological Development Zone Management Committee (嘉善經濟技術開發區管理委員會). Each of Zhong Jin (鐘瑾) and Jiashan Economic and Technological Development Zone Management Committee (嘉善經濟技術開發區管理委員會), a government-established administrative body, is an independent third party.

Name of Pre-[REDACTED] Investors	Background
CICC Entities	Each of Lianjin Innovation Industry Private Equity Investment Fund (Shenzhen) Partnership (Limited Partnership)* (聯金創新產業私募股權投資基金(深圳)合夥企業(有限合夥)) ("**Lianjin Innovation**") and CICC Generation (Suzhou) Emerging Industries Equity Investment Fund Partnership (Limited Partnership) (中金啟辰(蘇州)新興產業股權投資基金合夥企業(有限合夥)) ("**CICC Generation Fund I**", together with Lianjin Innovation, "**CICC Entities**") is a limited partnership established in the PRC, principally engaged in equity investments through private equity funds. The general partner of CICC Generation Fund I is CICC Capital Operation Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**"), which is a wholly owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司) ("**CICC**"), a company listed on the Stock Exchange (stock code: 3908) and the Shanghai Stock Exchange (stock code: 601995). CICC Generation Fund I has 22 limited partners, none of which holds more than 30% of the equity interests therein. Its largest partner is China State-owned Enterprise Structural Adjustment Fund Co., Ltd.* (中國國有企業結構調整基金股份有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) ("**SASAC**"). The general partner of Lianjin Innovation is Lianjin Private Equity Venture Capital Fund Management (Shenzhen) Co., Ltd. (聯金私募股權創業投資基金管理(深圳)有限公司) who is owned as to 51% by CICC Capital where the remaining 49% is owned by China Unicom Capital Investment Holdings Limited. (聯通資本投資控股有限公司). China Unicom Capital Investment Holdings Limited. (聯通資本投資控股有限公司) is ultimately wholly owned by SASAC. Lianjin Innovation has 15 limited partners, none of which holds more than 30% of the equity interests therein. Its largest partner is Shenzhen Guiding Fund Investment Co., Ltd. (深圳市引導基金投資有限公司), which is a wholly-owned subsidiary of Shenzhen Finance Bureau (深圳市財政局). Save for the amount of Shares deemed to be interested by CICC Capital and CICC as disclosed in the section headed "Substantial Shareholder", each of CICC Capital and CICC is an independent third party.
Beijing Yitang	Yitang Huachuang is a limited partnership established in the PRC, principally engaged in investment, asset management, and investment consulting. Its general partner is Beijing Shixi Yitang Huachuang Investment Management Co., Ltd. (北京石溪屹唐華創投資管理有限公司) ("**Beijing Shixi**"), which is ultimately controlled as to 51.0% by Chongqing Puyuexin Enterprise Management Consulting Co., Ltd* (重慶璞悦芯企業管理諮詢有限公司) ("**Chongqing Puyuexin**").

Name of Pre-[REDACTED] Investors	Background
	Yitang Huachuang is owned as to 63.13% by Beijing Zhaoying Naixin Equity Investment Fund Partnership (Limited Partnership) (北京市招盈耐信股權投資基金合夥企業(有限合夥)), which is in turned owned as to 89.9% by China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司). China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司) is owed as to 58.0% by Central Huijin Investment Ltd. (中央匯金投資有限責任公司) ("**Central Huijin**"), which is ultimately wholly owned by the State Council. The remaining 36.87% of the equity interests in Yitang Huachuang is held by three partners. Specifically, 26.91% is held by Beijing Yizhuang International Emerging Industrial Investment Center (Limited Partnership)* (北京亦莊國際新興產業投資中心(有限合夥)), which is ultimately owned as to approximately 100.00% by Beijing Economic-Technological Development Area Finance and State-owned Assets Bureau (北京經濟技術開發區財政國資局), 8.97% is held by GigaDevice Semiconductor Inc., a company whose shares are listed on Shanghai Stock Exchange (stock code: 603986.SH) and the Stock Exchange (stock code: 03986), with none of its shareholders holding more than 30% of the equity interests therein, and the remaining 1.00% by Beijing Shixi, respectively. Beijing Shixi is ultimately owned as to 51% by Beijing Qingyuan Huaxin Investment Management Co., Ltd.* (北京清源華信投資管理有限公司), a wholly-owned subsidiary of Chongqing Puyuexin, with Mr. Liu Yue (劉越) as the largest shareholder who holds 24.55% of the interests therein; and 35.55% by Beijing Shixi Qingliu Private Equity Fund Management Co., Ltd. (北京石溪清流私募基金管理有限公司), with Mr. Zhu Zheng (朱正) as the largest shareholder who holds 46.15% of the interests therein, respectively. Each of Mr. Liu Yue and Mr. Zhu Zheng is an independent third party. The general partners of Beijing Zhaoying Naixin Equity Investment Fund Partnership (Limited Partnership) (北京市招盈耐信股權投資基金合夥企業(有限合夥)) are Shenzhen Merchants Yingkui Equity Investment Fund Management Co. Ltd (深圳市招商盈葵股權投資基金管理股份有限公司), which is ultimately wholly owned by China Merchants Capital Investment Co., Ltd. (招商局資本投資有限責任公司) ("**China Merchants**"), and Cinda Capital Management Co., Ltd. (信達資本管理有限公司), which is indirectly wholly owned by China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司). China Merchants is owned as to 50% by GLP Capital Investment 5 (HK) Limited and 50% by China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司). The latter is ultimately a wholly-owned subsidiary of the State Council. Each of Chongqing Puyuexin, China Merchants and Central Huijin is an independent third party.
Dunhong Entities	Each of Jiaxing Huaxing, Chengdu Tianfu and Zhejiang Chuangxiang (together with Jiaxing Huaxing, Chengdu Tianfu, "**Dunhong Entities**") is a limited partnership established in the PRC, principally engaged in investment management.

Name of Pre-[REDACTED] Investors	Background
	Each of the general partner of Jiaxing Huaxing and Chengdu Tianfu is Shanghai Dunhong Asset Management Co., Ltd. (上海敦鴻資產管理有限公司) ("**Shanghai Dunhong**"). The general partners of Zhejiang Chuangxiang is Zhejiang Chengzhang Cultural & Creative Asset Management Co., Ltd. (浙江成長文創資產管理有限公司) ("**Zhejiang Chengzhang**") and Hangzhou Muhong Private Equity Fund Management Co., Ltd. ("**Hangzhou Muhong**") (杭州沐鴻私募基金管理有限公司). Zhejiang Chengzhang is a limited liability company incorporated in the PRC, principally engaged in investment. It is held 75% by Shanghai Dunhong and 25% by Zhejiang Cultural Industry Promotion Association (浙江省文化產業促進會). Hangzhou Muhong is held 60% by Zhejiang Chengzhang and 21.82% by Zhejiang Publishing United Group Co., Ltd. (浙江出版聯合集團有限公司) which is an independent third party of the Company and ultimately wholly owned by People's Government of Zhejiang Province (浙江省人民政府). Shanghai Dunhong is a limited company incorporated in the PRC, engaged in investments in the technology and cultural sectors. It is held 69.69% by its general partner Shanghai Dunfu Enterprise Management Center (Limited Partnership) (上海敦富企業管理中心(有限合夥)) ("**Shanghai Dunfu**"). None of the remaining three shareholders holds more than 30% of the interests of Shanghai Dunhong. Mr. Yuan Guoliang (袁國良), an independent third party, is the general partner of Shanghai Dunfu and thus the ultimate beneficial owner of Shanghai Dunhong. Jiaxing Huaxing is held as to 39.06% by its limited partner Zhenjiang Dingfu Information Technology Industry Investment Partnership (Limited Partnership) (鎮江鼎富信息技術產業投資合夥企業(有限合夥)), a state-owned subsidiary with the ultimate beneficial owner Zhenjiang Municipal People's Government State-owned Assets Supervision and Administration Commission (鎮江市人民政府國家資產監督管理委員會). None of the remaining partners hold more than 30% of the partnership interest in Jiaxing Huaxing. Jiaxing Huaxing and its ultimate controlling shareholders are independent third parties. Chengdu Tianfu is held 97.06% by Sichuan Esheng Cement Group Co., Ltd. (四川峨勝水泥集團股份有限公司) ("**Sichuan Esheng**"). Sichuan Esheng is 47.27% held by Xiong Jianhua (熊建華), an independent third party, and none of the remaining shareholders hold more than 30% of the interest in Sichuan Esheng. Sichuan Esheng and its ultimate controlling shareholders are independent third parties.
Beijing Qingchuang	Each of Qingdao Qingchuang Boleshan and Qingchuang Bole Jiuyi is a limited partnership established in the PRC, principally engaged in equity investments through private equity funds, and their general partners are Beijing Qingchuang Bole Investment Co., Ltd. (北京青創伯樂投資有限公司) ("**Beijing Qingchuang**"). None of the shareholders of Beijing Qingchuang hold more than 30% of the interests therein. The partnership interest in Qingdao Qingchuang Boleshan is held as to 64.31% by Zhen Guozhen (甄國振), with the remaining 12 partners each holding less than 10% of the partnership interest. All limited partners of Qingdao Qingchuang Boleshan are independent third parties.

Name of Pre-[REDACTED] Investors	Background
	The partnership interest in Qingchuang Bole Jiuyi is held as to 30.00% by Zhejiang Zhanxing Jieli Equity Investment Fund Partnership (Limited Partnership)* (浙江戰興接力股權投資基金合夥企業(有限合夥)), approximately 27.80% by Zhejiang Zheli Investment Management Co., Ltd.* (浙江浙里投資管理有限公司), 15.41% by Zhen Guozhen (甄國振), with the remaining nine limited partners each holding less than 10% of the partnership interest. All limited partners of Qingchuang Bole Jiuyi are independent third parties.
Huarui Investment	Each of Hangzhou Huarui and Jiaxing Huaruishengyin is a limited partnership established in the PRC, principally engaged in equity investments through private equity funds, and their general partners are Zhejiang Fuhua Ruiyin Investment Management Co., Ltd. (浙江富華睿銀投資管理有限公司) ("**Huarui Investment**"). Huarui Investment is an investment company held 79% by Zong Peimin (宗佩民) and 11% by Shou Zhiping (壽志萍). Huarui Investment and its shareholders are independent third parties. None of the partners of Hangzhou Huarui owe more than 30% of the partnership interest therein. Jiaxing Huaruishengyin is held 30% by Zhejiang Provincial Industrial Fund Co., Ltd. (浙江省產業基金有限公司)), an independent third party, and each of the remaining 24 partners hold less than 30% of the partnership interest therein. Zhejiang Provincial Industrial Fund Co., Ltd. (浙江省產業基金有限公司) is an indirect wholly owned subsidiary by Department of Finance of Zhejiang Province (浙江省財政廳).
Huzhou Huirui	Huzhou Huirui is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Huzhou Huilan Investment Consulting Co., Ltd. (湖州匯嵐投資咨詢有限公司), which is a limited company incorporated in the PRC and an independent third party of the Company. Huzhou Huirui is held as to 70.83% by Shanghai Shengli Investment Co., Ltd. (上海升力投資有限公司) which is owned as to 90% by Mr Lin Leiyuan (林磊淵) and 10% by Mr. Lin Kewen (林克文), each an independent third party. The remaining two partners each hold less than 30% of the partnership interest in Huzhou Huirui. All limited partners of Huzhou Huirui are independent third parties.
Ningbo Longhuahui	Ningbo Longhuahui is a limited partnership established in the PRC, principally engaged in equity investments through private equity funds. Its general partner is Ningbo Jintong Jiuge Enterprise Management Partnership (Limited Partnership) (寧波金通九格企業管理合夥企業(有限合夥)) ("**Ningbo Jintong**"), which is a limited partnership established in the PRC and an independent third party of the Company. It is held 40% by Huafang Group Co., Ltd. (華芳集團有限公司), 20% by Zhang Jinghong (張敬紅), 20% by Hu Liming (胡黎明) and the remaining six limited partners each hold less than 10% partnership interest in Ningbo Longhuahui. All limited partners of Ningbo Longhuahui are independent third parties. Ningbo Jintong is owned as to 51% by its general partner Ningbo Jiuge Equity Investment Management Partnership (Limited Partnership)* (寧波九格股權投資管理合夥企業(有限合夥)) ("**Ningbo Jiuge**"), and as to 15.5% by its limited partner Jintong Zhihui Investment Management Co., Ltd. (金通智匯投資管理有限公司) ("**Jintong Zhihui**").

Name of Pre-[REDACTED] Investors	Background
	The general partners of Ningbo Jiuge are Mr. Hu Zhihui (胡智慧) and Mr. Cao Yun (曹蘊), each an independent third party. Ningbo Jiuge has 12 partners and none of them holds more than 30% of the equity interests therein. The largest limited partner of Ningbo Jiuge is Jintong Zhihui, which holds 26.03% of the equity interests therein. Therefore, Ningbo Jintong is ultimately owned both directly and indirectly as to 28.77% by Jintong Zhihui. Jintong Zhihui is owned as to 80% by Suzhou Jiasheng Equity Investment Enterprise (Limited Partnership)* (蘇州鎵盛股權投資企業(有限合夥)) ("**Suzhou Jiasheng**") and 20% by Ms. Wang Wenjuan (王文娟). Suzhou Jiasheng is owned as to 96.5% by Mr. Yuan Yonggang (袁永剛) and 3.5% by Ms. Wang Wenjuan, respectively, each an independent third party.
Shenzhen Huishin	Each of Huixin Phase 11 and Zhejiang Huixin is a limited partnership established in the PRC, principally engaged in equity investments through private equity funds. Huixin Phase 11's general partner is Shenzhen Huishin Equity Investment Management Co., Ltd. (深圳市匯芯股權投資管理有限公司) ("**Shenzhen Huishin**") and Zhejiang Huixin's general partner is 70% owned by Shenzhen Huishin. Shenzhen Huishin is 70% owned by Hatchip Co., Ltd. (深圳市匯芯通信技術有限公司). None of the shareholders of Hatchip Co., Ltd. (深圳市匯芯通信技術有限公司) hold more than 30% of the interests therein. None of limited partners of Huixin Phase 11 hold more than 30% of the interests therein. None of limited partners of Zhejiang Huixin hold more than one-third of the interests therein.
Jiaxing Jiarui	Each of Jiaxing Future Star and Jiaxing No. 1 is a limited partnership established in the PRC, principally engaged in equity investments through private equity funds, and their general partners are Jiaxing Jiarui Investment Management Co., Ltd. (嘉興市嘉睿投資管理有限公司) ("**Jiaxing Jiarui**"). The State-owned Assets Supervision and Administration Commission of the Jiaxing Municipal People's Government (嘉興市人民政府國有資產監督管理委員會) and the Department of Finance of Zhejiang Province (浙江省財政廳) collectively holds as to 100% of Jiaxing Jiarui. The partnership interest in Jiaxing Future Star is held as to 49% by Jiaxing No. 1, 29.8% by Zhuji Fuhua Ruiyin Investment Management Co., Ltd. (諸暨富華睿銀投資管理有限公司), 10% by Zhejiang Shuannan Equity Investment Co., Ltd. (浙江珹南股權投資有限公司) and remaining three partners each holding less than 10% partnership interest in Jiaxing Future Star. All limited partners and its controlling shareholders of Jiaxing Future Star are independent third parties to the Company. The partnership interest in Jiaxing No. 1 is held as to 69.8% by Jiaxing Jiaguo Gold Investment Holding Group Co., Ltd. (嘉興市嘉國金投控股集團有限公司) ("**Jiaxing Jiaguo**") and remaining three partners, each holds less than 30% of the partnership interest in Jiaxing No. 1. All limited partners and its controlling shareholders of Jiaxing No. 1 are independent third parties. Jiaxing Jiaguo is owned as to 51% by Zhejiang Jiaxing Jiaguo Heqi Investment Co., Ltd.* (浙江嘉興嘉國禾祺投資有限公司) and 49% by Jiaxing Industrial Development Group Co., Ltd.* (嘉興市產業發展集團有限公司). Jiaxing Jiaguo is ultimately owned as to 92.80% by Jiaxing Municipal People's Government State-owned Assets Supervision and Administration Commission (嘉興市人民政府國有資產監督管理委員會) and 7.20% by Zhejiang Caikai Group Co., Ltd.* (浙江省財開集團有限公司), a wholly-owned subsidiary of Zhejiang Provincial Department of Finance (浙江省財政廳).

Name of Pre-[REDACTED] Investors	Background
Zhegu Youqi	Zhegu Youqi is a limited partnership established in the PRC, principally engaged in equity investments and venture capital investments. Its general partner is Zhejiang Kunxin Investment Management Co., Ltd. (浙江坤鑫投資管理有限公司), which is wholly owned by Zhejiang Zheli Investment Management Co., Ltd. (浙江浙里投資管理有限公司) ("**Zhejiang Zheli**"). The latter holds a 99% interest in Zhegu Youqi. Both entities are independent third parties. Zhejiang Zheli is wholly owned by Zhejiang Equity Trading Center Co., Ltd. (浙江股權服務集團有限公司) ("**Zhejiang Equity**"). Zhejiang Equity has 20 shareholders, none of which holds more than 30% of the equity interests therein. The largest shareholder of Zhejiang Equity is Zhejiang Financial Market Investment Co., Ltd.* (浙江省金融市場投資有限公司), which holds 12.00% of the equity interests in Zhejiang Equity and is an indirect wholly-owned subsidiary of Zhejiang Provincial Department of Finance (浙江省財政廳).

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-**[REDACTED]** Investments was irrevocably settled more than 28 clear days before the date of our first submission of the **[REDACTED]** application form to the Stock Exchange in relation to the **[REDACTED]**, (ii) the redemption rights and certain rights of preference upon liquidation as described above have ceased to be effective immediately before the submission of the **[REDACTED]** application form to the Stock Exchange in relation to the **[REDACTED]**; and (iii) no special rights of the Pre-**[REDACTED]** Investors will exist after the **[REDACTED]**, the Joint Sponsors have confirmed that the Pre-**[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the Pre-**[REDACTED]** Investments in all material respects, and the Pre-**[REDACTED]** Investments were conducted in compliance with the applicable PRC laws and regulations in all material respects.

ACQUISITIONS AND DISPOSALS

We did not carry out any major acquisitions, disposal or mergers during the Track Record Period and up to the Latest Practicable Date.

Previous A Share Securitization Attempt and Reasons for the [REDACTED]

(i) Background of the Potential Transaction

In October 2024, the Company engaged in preliminary discussion with Suzhou Jinhongshun Auto Parts Co., Ltd. (蘇州金鴻順汽車部件股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (Stock code: 603922.SH) ("**Jinhongshun**") regarding a potential acquisition of 95.79% of the issued share capital of the Company by Jinhongshun (the "**Potential Transaction**"), following which, if materialized, the Company will become a subsidiary of Jinhongshun and thereby become a member of a listed group. Jinhongshun is a well-known supplier in the PRC principally engaged in the development, production and sale of automobile body and chassis stamping parts, and their related molds, serving both domestic and overseas automotive customers, such as SAIC Volkswagen, SAIC General Motors, Benteler, Bosch and Continental Automotive, among others. It was recognized as a key backbone enterprise by the China Die &

Would Industry Association (中國模具工業協會重點骨幹企業), and operates various production plants in the PRC. Headquartered in Jiangsu province, Jinhongshun commenced its operations in September 2003 and its A shares has been listed on the Shanghai Stock Exchange (Stock code 603922.SH) since October 2017. For the financial year ended December 31, 2024, Jinhongshun recorded annual revenue of approximately RMB867.1 million. Jinhongshun has no pre-existing relationship with the Company. Jinhongshun suspended trading from October 23, 2024 to November 5, 2024 pursuant to the relevant listing rules of the Shanghai Stock Exchange, and published an announcement regarding details of the Potential Transaction on November 5, 2024. The proposed consideration for the Potential Transaction comprised a combination of new A shares to be issued by Jinhongshun and cash, with the final amount to be determined by reference to the appraised value of the Company's assets. The total number of A shares to be issued by Jinhongshun will be calculated by dividing the consideration payable to the selling shareholders of the Company in the form of shares by the issue price of the A share of RMB14.20 per A share, which was not less than 80% of the average trading price of Jinhongshun's shares over the 60 trading days immediately prior to the pricing benchmark date. Given that the appraised value of the Company's assets and the consideration of the Potential Acquisition had not yet been finalized and/or determined at the relevant time, the number of A shares to be issued by Jinhongshun to the selling shareholders in the transaction had not yet been determined. The Company and, to the best of its knowledge, the selling shareholders did not expect to receive any specific number of A shares of Jinhongshun, nor any particular percentage of equity interests or control in Jinhongshun. The Potential Transaction was subject to, among others, the approval of the board of directors and shareholders of Jinhongshun and the approval by the Shanghai Stock Exchange, and the consent to registration by the CSRC.

(ii) Reasons for the Potential Transaction

At the relevant time, the Company was focused on achieving rapid growth in its business scale and further strengthening its overall competitiveness in the motor industry. Given that the A share listing process was uncertain and could be time-consuming, and that listings on the Hong Kong Stock Exchange by H share companies were not as active and common as in the current market, the Company considered that the Jinhongshun's acquisition proposal as an attractive alternative. With the support of an A-share listed company platform, the Company expected it would significantly reduce its financing costs, and substantially enhance capital liquidity, thereby ensuring ample funding for its business development. By leveraging Jinhongshun's brand influence and business resources, the Company anticipated that it would be able to rapidly expand its business scale. In addition, the Potential Transaction was expected to create synergies between the Company and Jinhongshun in terms of products and customer resources. The Company is a major player in the micro motor sector, with deep expertise and proprietary technology across the entire chain and a broad product portfolios. Its products are used across multiple downstream industries, including smartphones, handheld imaging devices and automotive electronics. Jinhongshun, on the other hand, has accumulated extensive experience and customer resources in the automotive industry, supplying several well-known domestic and international vehicle manufacturers and parts suppliers. The two companies were expected to benefit from synergies through sharing of R&D capabilities and sales channels, while leveraging the brand reputation and market recognition of both parties.

(iii) Status of the Potential Transaction

As advised by the Company PRC Legal Adviser, under the A-share regulatory framework, a material asset restructuring involving the issuance of shares by an A-share listed company general involves several stages, including (i) the first board meeting ("一董"會議) where the board of directors of the A-share listed company considers and approves the preliminary restructuring plan, and the A-share listed company announces that the parties are in discussions and disclose the basic framework of the proposed transaction ("**Pre-plan Announcement**"), while detailed audit and valuation work, specific pricing and other key terms are not yet be finalized; (ii) second board meeting ("二董"會議). After completion of the audit and valuation of assets of the target company, the board of directors of the A-share listed company considers and approves the draft restructuring report and related document. The listed company then announces the specific valuation, pricing

mechanism, consideration, payment arrangements, conditions precedent, performance commitments (if any), and professional opinions and risk factors; (iii) shareholders' meeting by the A-share listed company to consider and approve the material asset restricting, the share issuance plan (if any), any ancillary financing and related matters and submission to the Shanghai Stock Exchange; and (iv) implementation and post-completion disclosure.

The Potential Transaction passed the first board meeting and ceased before proceeding to the second board meeting. The Potential Transaction had not yet been submitted to the shareholders of Jinhongshun for approval prior to its termination, and no formal application was submitted to the CSRC or the Shanghai Stock Exchange. Based on the above, the Directors are of the view that (i) neither the Shanghai Stock Exchange nor the CSRC had commenced any formal review, vetting process or approval process in connection with the Potential Transaction, (ii) the CSRC and the Shanghai Stock Exchange had not raised any major comments and material concerns in respect of the Potential Transaction that would affect the Company's suitability for **[REDACTED]** on the Stock Exchange, and (iii) there are no matters relating to the Potential Transaction that need to be brought to the attention of the Stock Exchange.

Pursuant to a mutual and amicable discussion between the parties, as the Parties were unable to reach an agreement on the terms of the transaction after rounds of negotiations, our Company and Jinhongshun agreed not to proceed with the Potential Transaction in June 2025. No consideration was agreed between the then shareholders of the Company and Jinhongshun prior to the termination of the Potential Transaction in June 2025. The Potential Transaction was still at a preparatory stage prior to its termination.

***(iv) Reasons for the* [REDACTED]**

Our Directors are of the view that: (1) as an internationally recognized and prestigious stock exchange, the Stock Exchange will provide us with a robust platform to access international capital markets and expand our global business presence; (2) the **[REDACTED]** will furnish us with the necessary capital to enhance our competitiveness by supporting our business expansion and strengthening our growth prospects; and (3) the **[REDACTED]** will elevate our corporate profile, boost market recognition of our brand, and present an opportunity to further broaden our **[REDACTED]** base. Having regard to the aforementioned factors and our Group's long-term business development strategies, our Directors consider the Stock Exchange to be a suitable platform for accessing international equity markets, and the **[REDACTED]** is in the best interests of our Company and our shareholders as a whole.

(v) The Joint Sponsors' View

The Joint Sponsors are of the view that: (1) based on their due diligence and review of the information provided by the Company regarding the Potential Transaction, neither the CSRC nor the Shanghai Stock Exchange had formally commenced any vetting or review process prior to its termination. Consequently, no major comments or material concerns were raised by either authority that would, at any time, affect the Company's suitability for the **[REDACTED]** on the Stock Exchange; (2) the Potential Transaction was terminated in June 2025 while still at a preparatory stage (i.e., prior to the second board meeting of Jinhongshun and before any formal submission to regulators), there are no outstanding regulatory matters relating to the transaction that require disclosure to or further attention from the Stock Exchange; (3) given the absence of any regulatory impediments from the CSRC or the Shanghai Stock Exchange, and having regard to the Company's long-term strategic objectives to access international capital markets, the Directors' view that the **[REDACTED]** is in the best interests of the Company and its shareholders as a whole is shared by the Joint Sponsors.

Accordingly, the Joint Sponsors concur with the Directors that the Stock Exchange is a suitable platform for the Company's global expansion and that the **[REDACTED]** aligns with the best interests of the Company and its shareholders.

[REDACTED] FLOAT AND FREE FLOAT

Satisfaction of the [REDACTED] Float Requirement

Rule 8.08(1) of the Listing Rules provides that there must be an open market in the securities for which **[REDACTED]** is sought. Rule 19A.13A further provides that where a new applicant is a PRC issuer with no other listed shares at the time of listing and the expected market value of the class of securities at the time of listing is not exceeding HK$6 billion, such requirement will normally mean that the portion of H shares for which listing is sought that are held by the public at the time of listing must represent at least 25%.

Following the conversion of the Unlisted Shares into H Shares and upon completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised) (i) **[REDACTED]** H Shares to be directly held by the Controlling Shareholders will not be counted as part of the **[REDACTED]** float; (ii) a total of **[REDACTED]** H Shares will be converted from the Unlisted Shares and will be held by our Shareholders who are not our core connected persons (nor are accustomed to take instructions from core connected persons of the Company in relation to the acquisition, disposal, voting or other disposition of their shares, and their acquisition of shares was not financed directly or indirectly by core connected persons of the Company). These H shares will be counted towards the **[REDACTED]** float; and (iii) the issue of **[REDACTED]** H Shares pursuant to the **[REDACTED]**, will be counted as part of the **[REDACTED]** float.

Assuming that the **[REDACTED]** is not exercised, (i) based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the low end of the indicative **[REDACTED]** range), our expected **[REDACTED]** upon the **[REDACTED]** is HK$**[REDACTED]**; (ii) based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range), our expected **[REDACTED]** upon the **[REDACTED]** is HK$**[REDACTED]**; and (iii) based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the high end of the indicative **[REDACTED]** range), our expected **[REDACTED]** upon the **[REDACTED]** is HK$**[REDACTED]**. It follows that the total number of the H Shares expected to be held by the public immediately following the completion of the **[REDACTED]** (before any exercise of the **[REDACTED]**) represents approximately **[REDACTED]** of the total number of our issued Shares, which is higher than the prescribed percentage of H Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules.

Satisfaction of the Free Float Requirement

Rule 8.08A of the Listing Rules provides that there must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon **[REDACTED]**. Rule 19A.13C further provides that where a new applicant is a PRC issuer with no other listed shares at the time of listing, such requirement will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

Upon completion of the **[REDACTED]** (before any exercise of the **[REDACTED]**), all of the H Shares for which **[REDACTED]** is sought are expected to be held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise).

It follows that the total number of the H Shares expected to be held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) immediately following the completion of the **[REDACTED]** (before any exercise of the **[REDACTED]**) represents approximately **[REDACTED]** of the total number of our issued Shares (excluding treasury shares), which is higher than the prescribed percentage of H Shares required to be held in public hands under Rule 19A.13C(1) of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

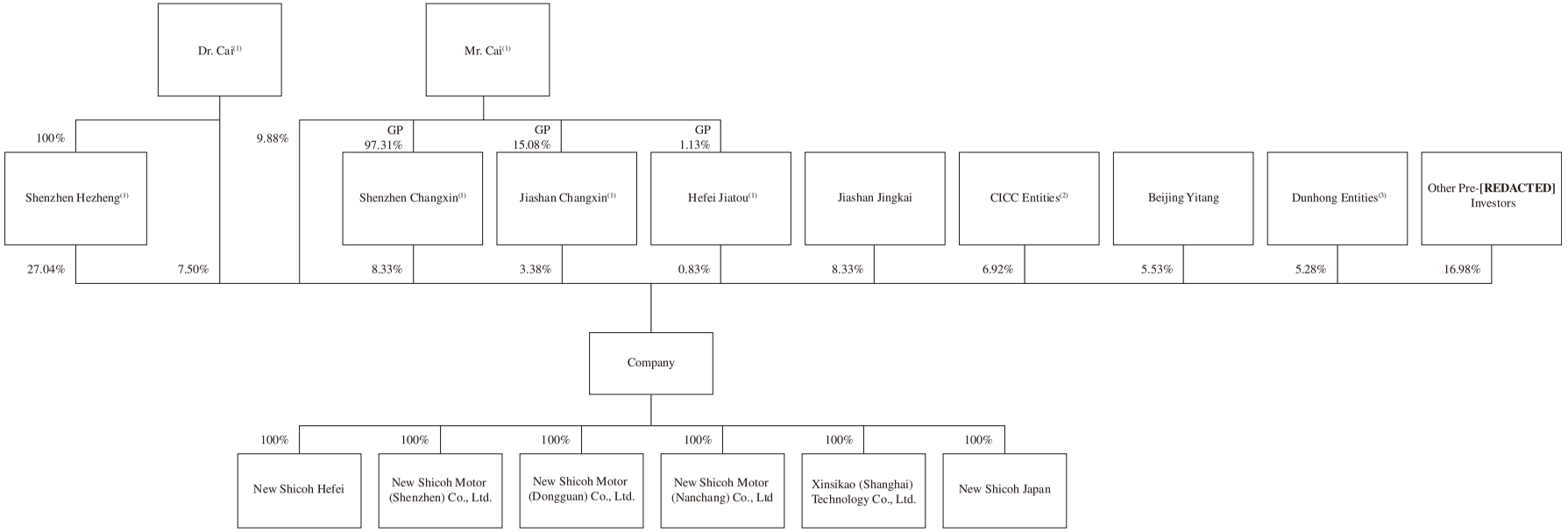
The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and the **[REDACTED]**:

	As of the Latest Practicable Date			As of the [REDACTED]		
Name of Shareholder	**Number of Shares**	**Description of Shares**	**Ownership percentage**	**Number of Shares**	**Description of Shares**	**Ownership percentage**
Controlling Shareholders						
Shenzhen Hezheng	28,882,794	Unlisted Shares	27.04%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Cai	10,553,846	Unlisted Shares	9.88%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Changxin	8,902,169	Unlisted Shares	8.33%	[REDACTED]	[REDACTED]	[REDACTED]
Dr. Cai	8,016,497	Unlisted Shares	7.50%	[REDACTED]	[REDACTED]	[REDACTED]
Jiashan Changxin	3,615,969	Unlisted Shares	3.38%	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Jiatou	883,837	Unlisted Shares	0.83%	[REDACTED]	[REDACTED]	[REDACTED]
Other Shareholders						
Jiashan Jingkai	8,902,170	Unlisted Shares	8.33%	[REDACTED]	[REDACTED]	[REDACTED]
CICC Entities	7,396,927	Unlisted Shares	6.92%	[REDACTED]	[REDACTED]	[REDACTED]
– CICC Generation Fund I	5,171,385	Unlisted Shares	4.84%	[REDACTED]	[REDACTED]	[REDACTED]
– Lianjin Innovation	2,225,542	Unlisted Shares	2.08%	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Yitang	5,910,154	Unlisted Shares	5.53%	[REDACTED]	[REDACTED]	[REDACTED]
Dunhong Entities	5,640,175	Unlisted Shares	5.28%	[REDACTED]	[REDACTED]	[REDACTED]
– Jiaxing Huaxing	3,793,252	Unlisted Shares	3.55%	[REDACTED]	[REDACTED]	[REDACTED]
– Chengdu Tianfu	1,108,154	Unlisted Shares	1.04%	[REDACTED]	[REDACTED]	[REDACTED]
– Zhejiang Chuangxiang	738,769	Unlisted Shares	0.69%	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Qingchuang	4,896,193	Unlisted Shares	4.58%	[REDACTED]	[REDACTED]	[REDACTED]
– Qingdao Qingchuang Boleshan	2,670,651	Unlisted Shares	2.50%	[REDACTED]	[REDACTED]	[REDACTED]
– Qingchuang Bole Jiuyi	2,225,542	Unlisted Shares	2.08%	[REDACTED]	[REDACTED]	[REDACTED]
Huarui Investment	3,996,742	Unlisted Shares	3.74%	[REDACTED]	[REDACTED]	[REDACTED]
– Hangzhou Huarui	2,216,308	Unlisted Shares	2.07%	[REDACTED]	[REDACTED]	[REDACTED]
– Jiaxing Huaruishengyin	1,780,434	Unlisted Shares	1.67%	[REDACTED]	[REDACTED]	[REDACTED]
Huzhou Huirui	2,373,888	Unlisted Shares	2.22%	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Longhuahui	2,225,542	Unlisted Shares	2.08%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Huishin	1,958,477	Unlisted Shares	1.83%	[REDACTED]	[REDACTED]	[REDACTED]
– Zhejiang Huixin	1,335,325	Unlisted Shares	1.25%	[REDACTED]	[REDACTED]	[REDACTED]
– Huixin Phase 11	623,152	Unlisted Shares	0.58%	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Jiarui	1,335,326	Unlisted Shares	1.26%	[REDACTED]	[REDACTED]	[REDACTED]
– Jiaxing Future Star	667,663	Unlisted Shares	0.63%	[REDACTED]	[REDACTED]	[REDACTED]
– Jiaxing No. 1	667,663	Unlisted Shares	0.63%	[REDACTED]	[REDACTED]	[REDACTED]
Zhegu Youqi	1,335,325	Unlisted Shares	1.25%	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	**106,826,031**		**100.00%**	[REDACTED]		[REDACTED]
[REDACTED]	–	–	–	[REDACTED]	[REDACTED]	[REDACTED]
Total	**106,826,031**		**100%**	[REDACTED]		[100%]

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the Completion of the [REDACTED]

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



Notes:

1. Dr. Cai, Shenzhen Hezheng, Mr. Cai, Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou are our group of Controlling Shareholder, and in aggregate held approximately 56.97% of the total issued share capital of our Company as of the Latest Practicable.

   Shenzhen Changxin is a limited partnership established in the PRC. The general partner of Shenzhen Changxin is Mr. Cai. Shenzhen Changxin is owned as to 97.31% by Mr. Cai and 2.69% by the limited partner Mr. Wu Yang.

   Jiashan Changxin is a limited partnership established in the PRC. The general partner of Jiashan Changxin is Mr. Cai, holding 15.08% of the interests therein. Jiashan Changxin has 38 limited partners and none of the remaining limited partners holds more than 30% of the interests therein. Please see "Appendix IV Statutory and General Information – Pre-**[REDACTED]** Employee Incentive Platforms – Details of the Grantees – Jiashan Changxin" in this document for more information.

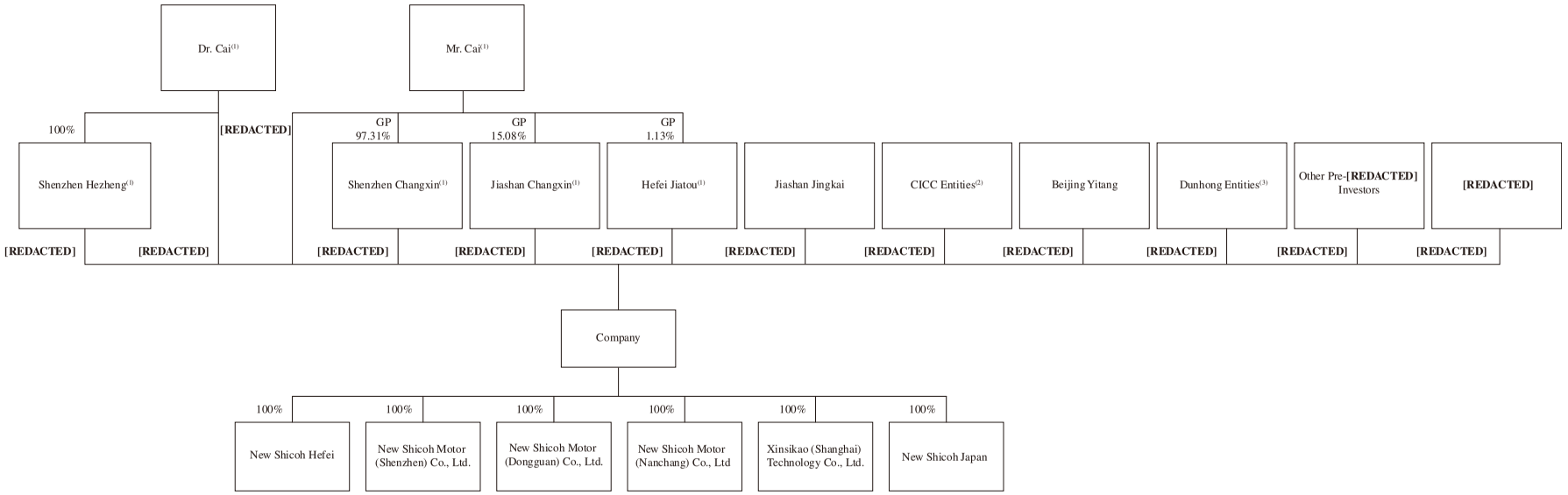
   Hefei Jiatou is a limited partnership established in the PRC. The general partner of Hefei Jiatou is Mr. Cai, holding 1.13% of the interests therein. Hefei Jiatou has 12 limited partners. It is owned as to 56.65% by Mr. Zhao Wei and none of the remaining limited partners holds more than 30% of the interests therein. Please see "Appendix IV Statutory and General Information – Pre-**[REDACTED]** Employee Incentive Platforms – Details of the Grantees – Hefei Jiatou" in this document for more information.

2. Please see "– Details of the Pre-**[REDACTED]** Investments – Information regarding our key Pre-**[REDACTED]** Investors" in this section for the shareholding structure of each of CICC Entities.

3. Please see "– Details of the Pre-**[REDACTED]** Investments – Information regarding our key Pre-**[REDACTED]** Investors" in this section for the shareholding structure of each of Dunhong Entities.

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised:



Notes:

1. Please see notes (1), (2) and (3) of the sub-section headed "– Corporate Structure Immediately before the Completion of the **[REDACTED]**".

OVERVIEW

Who We Are

Founded in 2014, we are a major micro motor manufacturer. Among early participants in the imaging motor field, we have established deep expertise and proprietary technology across the entire chain, ranging from material performance enhancement and manufacturing processes to rigorous product quality control. We have built a strategic footprint with dual manufacturing bases in Jiaxing and Hefei and dual R&D centers in China and Japan, enabling us to continue expanding our business boundaries through advanced products to sustain a long-term competitive edge.

We focus on two major product categories: imaging products and non-imaging products. Our imaging products include voice-coil motors ("**VCM**"), piezoelectric motors and shape-memory-alloy ("**SMA**") motors based on technical principles. These are primarily applied in camera modules for smartphones, handheld imaging devices, security monitoring, and machine vision systems to enable functions such as autofocus ("**AF**"), optical image stabilization ("**OIS**"), aperture adjustment, and zoom. Based on functionality, our imaging products primarily include OIS motors, which is a motor used to stabilize the lens or sensor, reducing image blurring caused by hand movement during shooting; periscope motors, which is a motor used in periscope camera modules to support folded optical paths and achieve long focal length in slim devices; open-loop motors, which is a motor that controls lens movement through electromagnetic force and spring balance, without position feedback; closed-loop motors, which is a motor equipped with position sensors, enabling faster and more accurate AF; variable aperture motors, which is a motor used to adjust aperture blades to control light intake and optimize imaging under different lighting conditions; and continuous optical zoom motors, which is a precision motor used to adjust the focal length smoothly, enabling continuous optical zoom without image interruption. During the Track Record Period, the vast majority of our revenue was generated from imaging products, particularly OIS and periscope motors, open-loop motors, and closed-loop motors.

According to Frost & Sullivan, based on revenue in 2025, we ranked No. 6 globally and No. 2 in China in the imaging motor market, and we accounted for 3.3% and 9.8% of the global and China imaging motor markets, respectively. In the OIS imaging motor segment, we ranked No. 4 globally and No. 1 in China, and we accounted for 5.6% and 14.0% of the global and China OIS imaging motor markets, respectively, in terms of revenue in 2025. These reflect our domestic substitution of Japanese and Korean suppliers in the imaging motor field for certain customers, as well as our continuously increasing market share in China. Meanwhile, our penetration into leading domestic smartphone brands has deepened, and we have become a core supplier of imaging motors for mainstream domestic smartphone brands and leading handheld imaging manufacturers.

Our non-imaging products primarily include stepper motors, which is a motor that moves in fixed steps, allowing precision position control without external sensors; and brushless direct current ("**BLDC**") motors, which is a motor that uses electronic control to provide stable rotary drive or power output, and can be applied in areas such as smart homes, unmanned aerial vehicles, automobile electronics and robotics. These have been deployed across application scenarios spanning robotic vacuum cleaners, security monitoring, and automotive electronics. We are also expanding into emerging fields such as embodied robotics and the low-altitude economy.

Key milestones in our business development are summarized below:

Year	Milestone
2015	Achieved mass production of VCMs.
2021	Achieved mass production of OIS motors.
2023	Achieved mass production of periscope motors, applied in products of leading smartphone brands.
2025	Achieved mass production of SMA motors.

We are advancing our offerings from standalone motor products toward more integrated solutions merging software and transmission components, with a view to enhancing product value-add and comprehensive competitiveness. Focusing on the micro motors, we are constructing a product matrix centered on imaging products and synergized by diversified products, providing customized micro drive solutions for customers across various downstream fields.

With high-end, precision and advanced micro motors as our core R&D direction, we have established flexible automated production lines. As of April 30, 2026, we held 932 authorized patents, of which 783 were internally self-developed and 149 were acquired through assignment covering core technologies in micro motor manufacturing. We participated in one National Key R&D Program project and the formulation of two national standards, and were recognized as a National Specialized and New "Little Giant" Enterprise.

Leveraging years of industry deep-dive and leadership in process technology, we have achieved continuous breakthroughs in operating results. The following sets forth our operational highlights during the Track Record Period:

- **Solid Customer Base:** We possess a solid base of top-tier customers. Our direct customers cover leading domestic camera module manufacturers, while end customers encompass leading companies in smartphones, handheld imaging, and security monitoring, as well as renowned automotive enterprises and leading smart home companies.

- **High-End Product Transition:** The revenue contribution from our high-value-added OIS and periscope motors increased, supported by bulk shipments for certain models of leading domestic smartphone manufacturers. In 2024, sales volume of OIS and periscope motors reached 65.7 million units, representing a year-on-year increase of 63.0%, and further increased to 67.2 million units in 2025.

- **Diversified Product Layout:** We continuously diversify our products. In addition to our imaging products, our non-imaging products have achieved stable mass production and shipment, serving various downstream applications such as security monitoring, automotive electronics, and smart homes.

- **Revenue Growth and profitability:** Our revenue reached RMB1,564.5 million in 2024, representing a year-on-year growth of 82.9%, and further increased to RMB1,956.8 million in 2025, representing a year-on-year growth of 25.1%. Our gross profit margin increased from 8.4% in 2023 to 15.9% in 2024, and stayed stable at 16.7% in 2025.

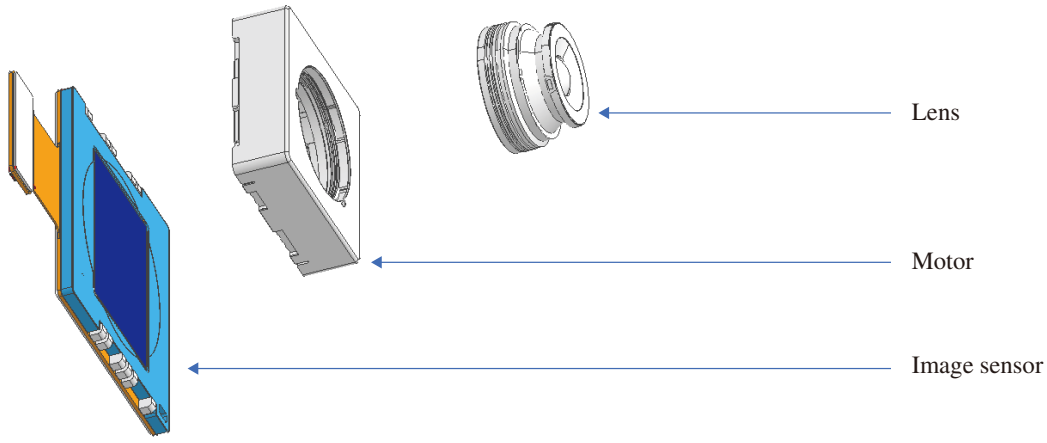
Our Offerings

We are primarily engaged in the R&D, production, and sales of micro motors. According to Frost & Sullivan, under the commonly adopted motor-size classification based on the outer diameter of the motor stator core, electric motors are generally categorized into large, medium, small and micro motors, and micro motors (with a stator core outer diameter of less than 100 mm) represent the smallest category in practical applications. Beyond micro motors, two additional categories of smaller and advanced motors exist at stages of technological development: ultra-miniature piezoelectric/hollow-cup motors, which are applied in medical endoscopes and precision optics; and nano-electrostatic and molecular motors, which remain largely confined to laboratory research. Neither category has achieved the commercial maturity or mass-production scale of micro motors, which serves a broad range of end-market applications. In the micro motor industry, product performance is generally assessed based on a variety of technical parameters including miniaturization, power consumption, dynamic performance and reliability. These parameters include, among others, physical dimensions, weight, rated power, conversion efficiency, rated torque, positioning accuracy, response speed, noise level, vibration amplitude, IP rating, and reliability indicators such as life decay and temperature drift. According to Frost & Sullivan, based on the above performance metrics, our products are generally considered as high-performance micro motors.

Our offerings are organized into two major lines: imaging products and non-imaging products. As an industry early established participant in imaging products, we maintain a leading position in new product technology development, while actively expanding our footprint in non-imaging domains such as stepper motors and BLDC motors in the non-imaging sector.

Imaging Motor Products

Our imaging motor products are primarily applied in camera modules for intelligent terminals such as smartphones, handheld imaging devices, and security monitoring equipment. A camera module mainly consists of an image sensor, lens, and motor. The motor is a key component of the camera module, primarily used to realize functions such as autofocus, optical image stabilization, continuous zoom, and aperture adjustment.



Based on their technical principles, our imaging products are mainly classified into VCMs, piezoelectric motors and SMA motors. VCMs generate driving force through an energized coil in a permanent magnetic field to directly drive components such as the lens for precise linear movement; this mature technology features a simple and compact structure and aligns well with current smartphone camera module requirements for cost, performance and form factor. Piezoelectric motors utilize electric-field-induced micro-vibrations of piezoelectric materials to deliver ultra-high positioning accuracy, and are primarily used in applications requiring enhanced stability and precision. SMA motors leverage the shape-memory effect under temperature changes to drive components and may be used in scenarios with stringent size constraints. While our imaging products are primarily VCM-based, we actively develop and commercialize frontier technical solutions including piezoelectric technologies, and have achieved mass production of related products.

Based on functional differences, our imaging motor products include the following categories:

- **OIS Motor:** It drives the lens or image sensor to move in the opposite direction of device shake to actively compensate for jitter, enhancing imaging stability, which typically combines AF functions.

- **Periscope Motor:** It is specifically applied to stabilization systems for periscope telephoto lenses, moving a prism to compensate for shake, ensuring clear and stable images during long-distance shooting.

- **Open-Loop Motor:** It adjusts electromagnetic force to drive the lens back and forth for distance focus, achieving clear imaging.

- **Closed-Loop Motor:** It incorporates a position sensor to provide real-time feedback on lens position and performs precise correction through a control system, achieving high focusing accuracy and stability.

- **Variable Aperture Motor:** It precisely controls the opening and closing of aperture blades within the lens to dynamically adjust the aperture size, controlling depth of field and light intake.

- **Continuous-Zoom Motor:** It drives lens groups to transition smoothly and seamlessly between multiple focal lengths, enabling electric zoom functions that change composition capability without switching lenses.

Smartphones are the primary terminal application scenario for imaging products. Imaging motors are precision actuators within camera modules that drive the movement of the lens or image sensor to enable key imaging functions, and therefore serve as one of the core enabling components behind continual upgrades in smartphone imaging performance. Taking the imaging system of current mainstream flagship smartphones as an example, the typical camera configuration, functions, and applied motors are as follows:

Camera category	Camera sub-category	Camera function	Applied motor
Rear camera	Main camera	Typically features high pixel count, optical image stabilization, and variable aperture functions; covers the majority of daily usage scenarios and is the most frequently used camera.	OIS motor, variable aperture motor
	Telephoto camera	Features a longer focal length, capable of capturing distant objects while maintaining high image quality.	Periscope motor
	Wide-angle camera	Capable of capturing broader scenes; suitable for landscape or large-scale scene photography.	Open-loop motor/ closed-loop motor
Front camera		Used for selfies, video calls, facial recognition, etc.	Open-loop motor/ closed-loop motor

Our imaging motor products are applied across various smartphone camera types. As smartphone camera systems evolve toward higher pixel counts and increasingly sophisticated optical architectures (e.g., OIS, periscope telephoto and variable aperture), the performance requirements for micro motors continue to rise, and corresponding innovation increasingly centers on high-precision, fast-response and highly reliable imaging motors. From conventional open-loop motors used mainly in front and wide-angle cameras, to mid-to-high-end OIS motors and variable aperture motors used in high-performance main cameras, to periscope motors used in complex telephoto cameras, our products have achieved a strong mass production record. We have gained recognition from numerous leading module manufacturers and renowned terminal smartphone brands. Additionally, we have established a strong presence in the handheld imaging industry, holding the status of a core imaging motor supplier for leading handheld imaging manufacturers. Handheld imaging devices, including action cameras and gimbals, typically demand higher camera performance; leveraging our outstanding design and development capabilities and excellent delivery track record, we have formed close strategic partnerships with end customers.

Non-Imaging Products

We commenced our non-imaging products business in 2021, and established an independent R&D department dedicated to developing micro motors for non-imaging applications, primarily including stepper motors and BLDC motors. These products are used to achieve angle control and displacement control of mechanical structures in various application scenarios. We have built mass-production and

delivery capabilities for our non-imaging products, which feature high reliability, and have delivered them in volume across the security monitoring, automotive electronics and smart home sectors. Meanwhile, we are advancing a number of development projects, with a focus on expanding into the low-altitude economy and embodied robotics fields, to capture additional growth opportunities. In 2026, we deepened our presence in the robotics field by securing a purchase contract and order from a leading robotics company for motor modules used in robotic dexterous hand joints.

Market Opportunities

The development of the micro motor industry is closely linked to technological upgrades in downstream terminal markets and the expansion of application scenarios. We face distinct market opportunities across our core and emerging product lines:

Continuous Upgrades in Imaging Systems and Expansion of Downstream Scenarios Create Growth Opportunities for Imaging Motors

As demand for higher imaging quality, stability and scenario adaptability intensifies, imaging motors – core actuation components for AF, OIS and zoom functions – are expanding beyond smartphones from a single growth driver into multiple parallel growth tracks and becoming critical components across intelligent vision industries.

In the smartphone sector, the penetration of multi-camera solutions and the trickling down of periscope telephoto and variable aperture technologies have directly driven up the number of motors per device and the value per motor, forming a solid foundation for the imaging motor market. In addition, the rapid development of downstream scenarios creates new market increments:

- **Handheld Imaging Devices:** The global boom in digital content creation drives growth in action cameras and gimbals, increasing demand for high-reliability, compact imaging motors.
- **Low-Altitude Economy:** Strict requirements for beyond-visual-range perception, precise obstacle avoidance, and stable shooting in aircraft like consumer-grade UAVs drive an incremental market for high-vibration-resistance and high-reliability imaging motors.
- **Robotics & Emerging Tech:** Visual needs for environmental perception and precise positioning in intelligent equipment like embodied robots open new incremental opportunities high-precision, high-reliability focusing motors.
- **Smart Vehicles:** Advanced driver assistance systems ("**ADAS**") and surround-view systems drive a significant increase in vehicle camera usage. Demand for automotive-grade imaging motors is multiplying.
- **Security Monitoring:** Trends toward high definition and intelligence require cameras with fast, precise focusing and anti-shake capabilities, while device miniaturization further promotes penetration of micro motors.

Domestic Substitution Drives Opportunities for Chinese Imaging Motor Manufacturers

The mid-to-high-end market for micro motors in China was historically dominated by Japanese and Korean manufacturers. Supported by industrial policy and ongoing development of the domestic smartphone supply chain, domestic imaging motor manufacturers have gained opportunities to expand their market presence. According to Frost & Sullivan, China's share of global micro motor production reached 41.8% in 2024, and is projected to increase to 43.9% by 2029.

Along with improvements in product quality and technology, Chinese smartphone manufacturers have increased procurement from domestic imaging motor suppliers. Compared to certain international competitors, Chinese imaging motor manufacturers generally offer advantages in cost competitiveness, service responsiveness and delivery capabilities. Meanwhile, supported by sustained R&D efforts, Chinese imaging motor manufacturers have developed the capability to mass-supply mid-to-high-end products such as OIS and periscope motors. Leading Chinese imaging motor manufacturers, including us, have achieved bulk supply of models for leading domestic smartphone brands, realizing domestic substitution against Japanese and Korean suppliers and increasing market share.

Intelligence and Miniaturization Trends Create Opportunities for Micro Motors

The trends toward intelligence and miniaturization in downstream industries systematically open up broad incremental markets for micro motors.

As products evolve from basic actuation to integrated perception, decision-making and execution, micro motors serve as key components enabling precise physical actions across scenarios such as smart vehicles, smart home devices and robotics. Meanwhile, miniaturization trends require higher power density and improved performance in constrained spaces. Facing the universal demand to integrate more functions within limited space, micro-products like coreless motors and stepper motors offer ideal drive solutions for high-integration scenarios such as embodied intelligence, consumer-grade UAVs, AR/VR, and medical equipment due to their advantages in power, size, and weight. We believe micro motors, as core components for intelligent actuation and precision control, will continue to benefit from broader industrial upgrading trends.

STRENGTHS

We are a Major Manufacturer and Early Established Participant in the Imaging Motor Field

As an early established participant in the imaging motor field, we have accumulated core knowledge and technology across the entire chain – from material performance improvement and production processes to product quality control. According to Frost & Sullivan, based on revenue in 2025, we ranked No. 6 globally with a market share of 3.3%, and No. 2 in China with a market share of 9.8% in the imaging motor market. In the OIS imaging motor segment, based on revenue in 2025, we ranked No. 4 globally with a market share of 5.6%, and No. 1 in China with a market share of 14.0%.

According to Frost & Sullivan, the OIS motor market was largely dominated by Japanese and Korean manufacturers and mass production by Japanese and Korean manufacturers peaked between 2012 and 2014, while mainland Chinese manufacturers did not begin mass production at scale until after 2018. By 2024, only a handful of domestic players had entered the global top ten OIS motor manufacturers, including our Company. We are among the few Chinese enterprises to achieve domestic substitution for mid-to-high-end imaging products such as OIS and periscope motors, which were historically supplied predominantly by Japanese and Korean manufacturers. Our imaging motors have been adopted across a broad range of smartphone camera configurations, including products of leading smartphone brands. We also serve handheld imaging manufacturers as a core imaging motor supplier. According to Frost & Sullivan, our direct customers during the Track Record Period included five of the world's top ten camera module manufacturers in terms of revenue in 2025, namely OFILM, Customer A, Customer C, Customer E and Customer F (as detailed in "Business – Marketing, Sales and Customers – Top Customers"). Our end customers during the Track Record Period included seven of the world's top ten smartphone brands in terms of both revenue and shipment volume in 2025, namely Customer B, End Customer A, End Customer C, End Customer D and End Customer E (as detailed in "Business – Marketing, Sales and Customers – Our End Customers"), as well as two other leading players.

Driving Innovation through Continuous R&D to Build Core Technological Barriers

We operate dual R&D centers in China and Japan to support customer roadmaps and new product development. As of April 30, 2026, we had 352 employees in research and development. Our core R&D team members come from reputable industry players and universities, with extensive experience in motor design, electronic control systems and related precision manufacturing technologies. In 2023, 2024 and 2025, and the four months ended April 30, 2025 and 2026, our research and development expenses amounted to RMB61.0 million, RMB76.9 million, RMB124.5 million, RMB40.3 million and RMB47.3 million, respectively. As of April 30, 2026, we had 932 authorized patents, covering key technical areas like motor structure, drive algorithms, and material application.

- **Scalability:** We have built a scalable technology platform covering precision structure design, high-precision control, and modular processes. The platform is supported by a standardised product lifecycle management system and a structured R&D process, under which key design data, specifications and engineering changes are managed in a controlled and traceable manner to support faster project execution. Product development follows defined stages, typically including conceptual design, engineering validation testing, design validation testing and pilot-run validation testing, with clear deliverables and review checkpoints for each stage to reduce rework and enable parallel execution across R&D, engineering, manufacturing and quality functions. The platform enables reuse of validated modules and standard packages across projects, including (i) common design solutions and design rules; (ii) control parameter sets, calibration procedures and compensation methods; (iii) standard process flows and key process parameter windows; and (iv) test specifications and reliability validation plans. Such reuse reduces repetitive design and verification effort and helps shorten new product development cycles. This platform not only shortens new product development cycles and but also empowers cross-category technology migration, enabling rapid extension from imaging to non-imaging products like stepper motors and BLDC motors. and efficient expansion into emerging markets such as robotics and the low-altitude economy.

- **Comprehensiveness:** Our technology layout is comprehensive, with product functions benchmarking digital single-lens reflex camera-level capabilities. We master the full spectrum of key technologies, including OIS, periscope telephoto, autofocus, closed-loop control, and variable aperture. Our products rival international leaders in focusing accuracy, response speed, and anti-shake effects. According to Frost & Sullivan, our OIS motors feature a focusing accuracy of approximately 2 μm, enabling highly precise focusing performance for advanced imaging applications. Our products also feature rapid response capabilities, allowing effective real-time stabilization during image capture and supporting high-speed AF functions. According to Frost & Sullivan, our OIS motors provide effective anti-shake capabilities with stabilization angles of up to ±2 degrees, helping improve image clarity in dynamic shooting scenarios. In addition, our products are designed with robust structural and environmental reliability, with ingress protection ratings of up to IP68/69, ensuring stable operation under various operating conditions.

- **Forward-Looking Approach:** We adhere to a tiered iterative strategy of "In-Production, In-Development and In-Reserve" to continuously upgrade our product offerings and technology capabilities:

  - *In-Production Portfolio:* Our existing mature products have achieved large-scale commercial application across multiple mainstream smartphone manufacturers in China, demonstrating high stability and superior yield.

  - *In-Development Pipeline:* Targeting the next generation of terminal devices, we are continuously advancing technical upgrades and working closely with customers on product selection and evaluation, while simultaneously achieving breakthroughs in non-imaging fields to open new growth tracks.

  - *In-Reserve Program:* Leveraging our industry insights and understanding of customer needs and market trends, we are actively conducting pre-research on innovative solutions to secure our long-term technological edge.

Outstanding Capabilities in Miniaturization, Low Power Consumption, and High Performance

Our products demonstrate outstanding performance in terms of miniaturization, low power consumption, and high performance, providing us with distinct competitive advantages compared to our industry peers. Specifically:

- **Miniaturization:** Through unique structural design and material science innovation, we have reduced motor volume and weight while ensuring structural strength. This allows our products to be embedded into advanced equipment with stringent space constraints. According to Frost & Sullivan, as compared with major industry peers, our OIS motors feature a compact module size of approximately $10.0 \times 10.5 \times 2.6$ mm, representing one of the thinnest module profiles in the market, supporting the trend of camera module miniaturization.

- **Low Power Consumption:** By optimizing algorithms and materials, we have significantly improved energy conversion efficiency. Our products' operating power consumption is at an industry-leading levels, effectively extending battery life for portable electronics. According to Frost & Sullivan, our OIS motors demonstrate low power consumption which can be controlled within 0.35 W, with the company ranking among the top performers.

- **High Performance:** We have achieved breakthroughs in three core indicators: high precision (nanometer-level motion control), high thrust (stable drive for heavy loads), and long stroke (perfect for periscope modules). These capabilities have secured our leadership in product iteration and fostered long-term partnerships with top-tier enterprises. According to Frost & Sullivan, our products demonstrate competitive performance metrics and compare favorably with many industry peers in key areas. In particular, our OIS motors are compatible with image sensors of up to 200 megapixels, achieve a leading level of precision within 2 μm, and support ingress protection ratings of up to IP68, reflecting strong precision control, high-resolution image sensor adaptability and product reliability.

Customer Centric Approach with Deep Engagement to Top-Tier Resources

We adhere to a customer-oriented philosophy, and operate an integrated business model covering early design, efficient product development process, reliability validation, and lifecycle support. Rather than merely supplying standalone components, we provide application-driven, customized motors tailored to specific customer needs. By leveraging a forward-looking R&D mechanism, an integrated flexible manufacturing platform, and local support teams stationed near key customers, we have established an industry-leading rapid response system. This system ensures that we can accurately grasp customer needs translating functional specifications into internal technical requirements and efficiently support their full cycle requirements, ranging from demand analysis and design to large-scale mass production. We also focus on key-account development and maintain long-term relationships with leading customers across our target industries, and through continuous technical support and iterative product upgrades, we participate in customers' cutting-edge product development, which strengthens our position in their high-end supply chains.

We also emphasize quality, reliability and service. We operate a full-process quality control system and maintain a low product return rate, supported by sales volume of over 160 million units of motors in 2024. We consistently received the highest ratings in quality assessments by multiple core module manufacturers, earning high trust from the market. In addition, our after-sales service provides rapid response and closed-loop resolution of customer feedback, ensuring stable product delivery and long-term customer retention.

Diversified Product Matrix and Multi-Scenario Expansion Driving Synergistic Growth

Distinguished from the majority of Chinese manufacturers that focus on a single motor category, we have constructed a product matrix encompassing imaging motors as well as other micro motors in non-imaging fields, including stepper motors and BLDC motors. Our portfolio covers diverse downstream fields including smartphones, handheld imaging devices, security monitoring, automotive electronics and smart homes, thereby diversifying our revenue sources and enhancing our risk resilience and market competitiveness.

We have achieved significant results in expanding into emerging scenarios. In the low-altitude economy sector, we provide BLDC motors for propellers and gimbals to a leading customer, which had entered the mass production phase as of the Latest Practicable Date. In embodied robotics, we are developing high-precision joint modules for dexterous hands with selected customers, and, as of the Latest Practicable Date, we had completed sample delivery of the relevant products. In the smart home sector, our stepper motors have successfully opened up leading smart home and consumer electronics brands, achieving mass production and delivery. In the security monitoring sector, we supply products to a leading industry participant and maintained stable cooperation. In the UAV sector, we have commenced mass production of our products. In the robotics sector, we have completed product development and sample delivery for certain projects and are currently engaged in the development of next-generation products.

Our products demonstrate significant synergies. Core technologies in the manufacturing process can be shared and extended across different product lines. Furthermore, we are capable of providing multi-category motor solutions to the same customer, such as supplying both imaging motors and BLDC motors to customers in the UAV sector. This capability enhances customer stickiness and increases the revenue contribution from individual customers.

Mature Production and Supply Chain System Ensuring Efficient Delivery and Consistent Quality

We adopt a "make-to-order + safety stock" model. As of April 30, 2026, we operated two production bases in Jiaxing, Zhejiang province and Hefei, Anhui province, with an aggregate gross floor area of approximately 23,000 sq.m. and 4,770 sq.m., respectively. We have built flexible automated production lines and continuously improved production efficiency through automation and process optimization.

Our supply chain control is strong. We manage a strict supplier system with approved supplier lists covering precision injection molded parts, PCBs, and metal components. We sign quality assurance agreements with core suppliers to ensure stable raw material supply and strong bargaining power. Our strict quality control involves incoming, in-process, finished goods and outgoing quality control inspections, maintaining yields above the industry average.

STRATEGIES

Driving Growth Through Portfolio Expansion and Enhanced System Integration Capabilities

We have established a localized supply chain and earned the long-term trust of leading domestic customers, rapidly emerging as a top-tier micro motor enterprise in China. Throughout this process, we have accumulated mature, systematic capabilities in across technology integration, product development, manufacturing scale-up and continuous innovation.

Going forward, we will continue to advance our transformation centered along two strategic directions: (i) horizontal expansion of our product matrix and (ii) vertical deepening of system integration.

- **Horizontal Expansion of Product Categories:** Building on our core imaging motor technology, we plan to build a more complementary portfolio and seek to increase revenue contributions from non-smartphone applications such as the low-altitude economy, including BLDC motors for gimbals and propellers, and embodied robotics, including high-precision motors for joints and vision systems.

- **Vertical Deepening of System Integration Capabilities:** We plan to evolve from a standalone motor component supplier to a system-level solution provider through the integration of hardware and software integration, and aim to develop integrated "Motor + Motion Components + Drive Control" solutions to increase value-added content and strengthen market competitiveness. Our system solutions are expected to include micro motors, precision transmission components, drive and control systems, embedded software and supporting tools. To support this strategy, we will strengthen in-house development of control algorithms and communication protocols, enhance hardware-software collaboration and improve system integration efficiency. We also plan to establish dedicated system integration teams and promote modularized platform development, with a view to increasing value-added content, shortening customers' development cycles and participating deeply in customers' core system architecture.

Deepening High-End Market Penetration and Consolidating Key Customer Advantages

We will continue to deepen our penetration of mid-to-high-end application scenarios and consolidate our advantages with key customers across our major end markets.

- **Smartphones:** We will focus on increasing value per device. Deepen cooperation with domestic leaders on mid-to-high-end models, increasing the shipment ratio of high-value-add products such as OIS, periscope, and variable aperture motors. At the same time, we will actively expand our high-end overseas customer base through systematic product introduction and certification to elevate global market share.

- **Handheld Imaging:** We intend to upgrade from a "core component supplier" to a "system-level solution partner," expanding cooperation from single products to multi-model products. We will continue to promote solution-oriented sales and service models and provide end-to-end technical support throughout customers' product life cycles, with a view to increasing value-added content and improving revenue stability.

- **Emerging Fields:** We will precisely target leaders in high-growth tracks such as automotive, smart homes, and robotics, systematically transplanting technologies verified in the high-end mobile market to build our position as a high-end supplier in new markets. We aim to deepen cooperation with key customers by participating in early-stage product design and validation and expanding multi-model and multi-product supply relationships where appropriate.

Increasing R&D Investment for Technological Breakthroughs and Mass Production

We will increase R&D investment to drive technological breakthroughs and accelerate commercialization and mass production. In particular, we will continuously optimize OIS and periscope technologies to adapt to larger CMOS sizes and higher pixel demands. We will accelerate technical iteration of piezoelectric and SMA motors, optimizing mass production processes to drive down costs. We also plan to develop high-precision micro motors for low-altitude economy, robotics, industrial automation, and medical scenarios, such as UAV drive motors and core drive units for embodied robots. In support of these efforts, we will expand R&D teams and strengthen cooperation with universities and research institutions. We will also focus on advanced drive control technologies and embedded software platforms, and enhance product testing, reliability verification and system validation capabilities to support stable performance across diversified application environments. To improve scale-up efficiency, we plan to strengthen the integration between R&D and manufacturing by enhancing technology transfer mechanisms and accelerating the transition from product development to mass production.

Upgrading to Intelligent Manufacturing and Refined Management

We will continue to upgrade our manufacturing capabilities and management systems through intelligent manufacturing and refined management. We plan to comprehensively promote intelligent transformation and lean production. Introduce digital production systems for data-driven processes

and upgrade automated equipment to significantly improve efficiency, consistency, and yield. We will further perfect digital systems to control R&D, procurement, production, sales, and inventory. Implement electronic management for support functions, such as tendering, to enhance operational efficiency through refined management. By constructing digital manufacturing platforms, upgrading production control software and strengthening data monitoring and analysis capabilities, we aim to enhance production stability, improve process consistency and reduce material losses and defect rates. Through refined management and automation upgrades, we aim to further increase our production yield, operational efficiency and reduce unit production costs.

OUR BUSINESS

We are a major micro motor manufacturer, engaged in the design, R&D, manufacturing and sales of micro drive motors. We work closely with customers to translate their functional, performance, reliability and integration requirements into motor specifications and product designs, and deliver motors configured to meet specific application scenarios.

Our portfolio is organized into imaging and non-imaging product lines. In imaging, we primarily supply OIS motors, periscope motors, open-loop motors, closed-loop motors, variable-aperture motors and continuous-zoom motors. In non-imaging, our offerings mainly include stepper motors and BLDC motors. Our products are deployed in smartphones and handheld imaging devices, such as action cameras. We have also expanded into security and surveillance, consumer-grade UAVs, smart home devices, automotive electronics and robotics, including embodied robotics.

We operate an integrated, end customer-oriented business model covering early design, efficient product development process, reliability validation, precision manufacturing and lifecycle support, enabling high-reliability micro motors that meet end customer requirements at scale. We adopt different sales models for our imaging and non-imaging products.

For imaging products, although we primarily supply our products to camera module manufacturers, the selection of our motors, the key technical specifications and the underlying demand are substantially determined by leading smartphone and handheld imaging device brands, with which we have established stable and long-term cooperation. We are responsible for the detailed design and development of the relevant motors, including structural design, material selection and process definition, in line with the performance, reliability and integration requirements specified by such end brand customers. For non-imaging products, we generally transact directly with end customers. We communicate directly with leading customers in sectors such as consumer-grade UAVs, robotics, smart home devices and automotive electronics on product specifications, testing requirements, delivery schedules and volume plans, and we enter into supply agreements and receive purchase orders directly from such end customers. We then manufacture and deliver our motors according to the agreed models, quantities and delivery terms.

Our camera-motor platforms offer modular options in focusing stroke, response speed, sensing precision and packaging; our stepper/BLDC and related motor platforms provide configurable dimensions, torque, gearing and driver integration. This structure supports rapid tailoring across different price-performance tiers and helps customers meet diverse technical requirements while shortening time-to-market. We continue to invest in next-generation programs targeting higher speed, higher precision and further miniaturization.

Our Product Offerings

Our core business focuses on micro motors, primarily comprising two major product categories: imaging products and non-imaging products.

Imaging Products

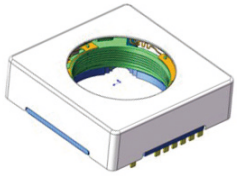
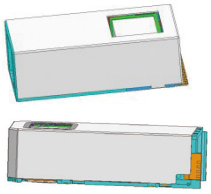
Our imaging products are deployed across multi-camera systems in smartphones and other consumer devices, handheld imaging devices such as action cameras and and gimbals, as well as security and surveillance scenarios.

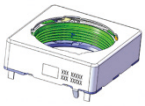
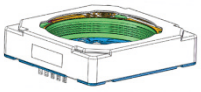
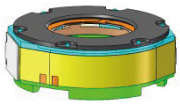
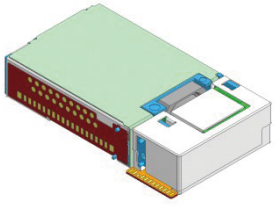
In smartphones, imaging architectures continue to evolve toward larger image sensors, multi-focal arrays, periscope telephoto optics and variable apertures, under tight constraints on device thickness, footprint and power. These trends demand micro motors that balance stroke, bandwidth, noise and energy efficiency while maintaining stringent stability and consistency in mass production. In handheld gimbals and action imaging, customers emphasize dynamic stability during continuous motion and uniform response across devices; through stroke/bandwidth design and assembly-consistency engineering, our solutions support long-duration operation and complex attitude changes. In security and surveillance, 24/7 reliability, low maintenance and robust performance under challenging lighting conditions are essential; our autofocus and stabilization control, together with lifetime consistency management, enable dependable imaging over extended duty cycles. Leveraging accumulated know-how in miniature drive design, reliability engineering and in-line quality control, we have established stable collaborations with leading module makers and device brands; in handheld imaging we have entered core supplier systems and achieved supply in selected programs.

Our imaging product portfolio comprises multiple actuation technologies – VCMs, piezoelectric motors and SMA motors – designed to meet modular requirements across different stack heights, power budgets and precision levels, and to enhance the performance and feature set of camera modules ranging from front/wide to main and telephoto unit.

VCM technology is the most widely used in our imaging motors during the Track Record Period. VCMs utilize electromagnetic force to drive lens groups for focus and stabilization in mobile imaging. Available in open-/closed-loop, OIS-integrated and variable-aperture configurations, our VCM designs balance response speed, positioning accuracy and reliability within strict thickness constraints, and support folded/periscope optical paths for longer focal-length applications. Beyond VCMs, we have achieved mass production shipments using piezoelectric and SMA technologies. Piezoelectric motors convert high-frequency excitation into micron- to nano-scale motion, offering high resolution, low power and low acoustic noise, suited to ultra-compact modules such as infrared and smartphone cameras. SMA motors leverage temperature-induced alloy deformation for high-precision linear actuation, with immunity to electromagnetic interference and high thrust for bespoke smartphone camera requirements.

Based on functional differences, our imaging motor products primarily include the following categories:

Products	Description
OIS Motor (光學防抖馬達) 	Uses gyro/IMU input to detect shake and actuates the lens/optical assembly in the opposite direction in real time, reducing blur and improving low-light and telephoto stability. Can be co-designed with AF in integrated or coupled architectures. Typical for main/telephoto cameras and video shooting. These motors are primarily applied in smartphones.
Periscope Motor (潛望馬達) 	Sharing the same AF and optical image stabilization function as OIS motors but designed typically for telephoto lenses, periscope telephoto camera modules fold the optical path via prisms and related optics to achieve a longer effective focal length and high-ratio optical zoom without increasing device thickness. Given the complexity of the optical architecture and higher manufacturing cost, they are primarily adopted in premium long-focus rear cameras. It provides precise micro-displacement of the prism, lens group or image sensor to enable autofocus and optical image stabilization. The primary application scenario is smartphones.

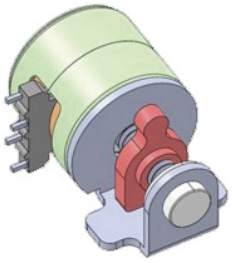
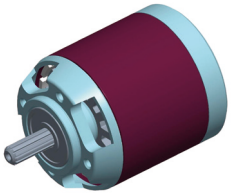
Products	Description
Open-Loop Motor (開環馬達) 	Drives the lens along the optical axis by balancing electromagnetic force with front/rear spring elasticity to achieve autofocus for near-to-far scenes, thereby ensuring image sharpness; typically used in smartphone front and rear cameras, compact surveillance cameras, face-recognition cameras, webcams, handheld imaging devices and barcode scanners. Application scenarios include smartphones, laptop, tablet computer, and surveillance equipment.
Closed-Loop Motor (閉環馬達) 	Builds on the open-loop structure with a closed-loop feedback system; a Hall sensor captures lens position and stores it digitally in the control IC, markedly shortening AF computation time and enabling faster, more accurate autofocus; applicable to smartphone front and rear cameras, compact surveillance cameras, face-recognition cameras, webcams, handheld imaging devices and barcode scanners. These motors are widely used in smartphones, surveillance equipment, and handheld imaging devices.
Variable-Aperture Motor (可變光圈馬達) 	Adjusts aperture blades to control incoming light and match bright/low-light scenes for improved image quality; commonly used in smartphone rear cameras and handheld imaging devices. Application scenarios include smartphones and sport cameras.
Continuous-zoom Motor (連續光學變焦馬達) 	Delivers stepless optical zoom over a defined range by synchronously moving lens groups and adjusting inter-group spacing (often within folded optics) to vary focal length continuously; provides a seamless zoom experience but requires very high opto-mechanical precision and control complexity; targets premium/Pro-grade imaging. These motors are primarily applied in smartphones.

Non-Imaging Products

Our non-imaging product portfolio extends our miniature motion capabilities beyond camera modules into compact electromechanical solutions used across consumer-grade UAVs, robotics including embodied robotics, smart home devices and automotive electronics. These offerings comprise precision micro stepper motors, and BLDC motors. Each family is engineered for integration within constrained envelopes and for dependable performance under varied duty cycles, supporting customers' requirements for precision, efficiency and long-term reliability.

In consumer-grade UAVs, lightweight construction and attitude stability are important. Our stepper motors and BLDC motors are applied in various motion-control functions, including gimbal-related attitude adjustment and mechanism actuation. In robotics including embodied robotics, multi-degree-of-freedom coordination and repeatable positioning are critical; through compact form factors and appropriate torque and control configurations, our solutions are used in end-effectors and small joints that require relatively fine and consistent motion. In automotive electronics, electrification and intelligence are driving the wider adoption of micro-actuation under demanding environmental conditions, long service-life requirements and tight acoustic and dimensional targets. We provide position and speed control using stepper motors and BLDC motors. With established product platforms and proven reliability and consistency controls, we have developed a replicable delivery capability from components to sub-systems for different application scenarios.

Our non-imaging motor products primarily include the following categories:

Products	Description
Stepper Motors (步進馬達) 	Our stepper motors are precision micro motors designed to deliver accurate and repeatable positioning in compact applications through controlled incremental movement. They support stable open-loop motion control and reliable holding torque, making them suitable for applications requiring precise low-speed operation. These motors are commonly used in smart home devices, projection systems, security equipment and other compact industrial and automation applications, offering stable performance and cost-effective operation. Primary application scenarios include security and surveillance equipment, smart home devices, and office equipment.
BLDC Motors (無刷直流馬達) 	Our BLDC motors are lightweight, high-efficiency motors designed to deliver high power density in applications with strict weight and energy constraints. They support efficient power conversion and smooth rotational output, making them suitable for applications requiring long operating time and stable performance under limited battery capacity. These motors are commonly used in consumer-grade UAVs and other portable or outdoor applications, offering high efficiency, operational stability and reliable performance in demanding environments. These motors are typically applied in UAVs, robotics, and smart devices.

In November 2025, we entered into a strategic cooperation agreement with a leading robotics company. Under this agreement, we are primarily responsible for the design and manufacturing of motor modules for robotic dexterous hand joints, which integrate BLDC motors with transmission systems. Following sample testing and evaluation, we commenced commercial sales of these motor modules in 2026. Specifically, we generated modest revenue from relevant motor development services in the first four months of 2026, and began delivering and recognizing revenue from the sale of these motor modules in May 2026.

To a lesser extent, beyond our core motor products, we leverage our industry resources and integrated capabilities to provide ancillary support to our partners, including R&D technical services, and raw materials.

Operational Highlights

Revenue

During the Track Record Period, OIS and periscope motors, open-loop motors and closed-loop motors, in aggregate, accounted for the vast majority of our revenue. The following table sets forth a breakdown of our revenue during the Track Record Period by product category based on functionality:

	For the Years Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*Unaudited*)	*%*	*RMB'000*	*%*
OIS motors	503,636	58.9	1,272,534	81.3	1,022,443	52.3	430,535	74.1	361,531	52.1
Periscope motors	113,138	13.2	2,813	0.2	223,111	11.4	12,173	2.1	57,934	8.3
Open-loop motors	170,556	19.9	176,354	11.3	247,904	12.7	71,887	12.4	55,645	8.0
Closed-loop motors	39,108	4.6	69,613	4.4	292,888	15.0	53,374	9.2	139,205	20.0
Other motors[(1)]	17,315	2.0	35,702	2.3	163,007	8.3	10,988	1.9	62,227	9
Others[(2)]	11,577	1.4	7,518	0.5	7,471	0.3	1,978	0.3	17,918	2.6
Total	**855,330**	**100.0**	**1,564,534**	**100.0**	**1,956,824**	**100.0**	**580,935**	**100.0**	**694,460**	**100.0**

Notes:

(1) Other motors primarily included stepper motors, BLDC motors and variable-aperture motors.

(2) Others primarily included the provision of R&D related technical services and sales of raw materials.

The following table sets forth a breakdown of our revenue during the Track Record Period by product category based on whether they are imaging products or non-imaging products:

	For the Years Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*Unaudited*)	*%*	*RMB'000*	*%*
Imaging products										
Open-loop motors	170,556	20.2	176,342	11.3	247,904	12.7	71,887	12.4	55,645	8.2
Closed-loop motors	39,108	4.6	69,613	4.5	292,888	15.0	53,374	9.2	139,205	20.6
OIS motors	503,636	59.7	1,272,534	81.7	1,022,443	52.5	430,535	74.4	361,531	53.4
Periscope motors	113,138	13.4	2,813	0.2	223,111	11.4	12,173	2.1	57,934	8.6
Other motors[(1)]	594	0.1	681	0.0	119,618	6.1	1,123	0.2	33,335	4.9
Total	**827,032**	**98.0**	**1,521,983**	**97.7**	**1,905,964**	**97.7**	**569,092**	**98.3**	**647,650**	**95.7**
Non-Imaging products										
Other motors[(2)]	16,721	2.0	35,021	2.3	43,389	2.3	9, 865	1.7	28,892	4.3
Open-loop motors	–	–	12	–	–	–	–	–	–	–
Total	**16,721**	**2.0**	**35,033**	**2.3**	**43,389**	**2.3**	**9,865**	**1.7**	**28,892**	**4.3**

Note:

1. Other motors under imaging products include SMA motors.

2. Other motors under non-imaging products include stepper motors and BLDC motors.

Sales Volume

The following table sets forth the sales volume of our motor products in terms of number of units during the Track Record Period:

	For the Years Ended December 31,			For the Four Months Ended April 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	(Unit: 1,000 pieces)				
OIS motors	38,675	65,643	65,165	26,542	14,728
Periscope motors	1,599	12	2,014	34	1,011
Open-loop motors	93,136	85,339	130,450	37,539	27,961
Closed-loop motors	3,292	2,557	16,219	2,353	8,311
Other motors	5,122	10,517	12,470	2,555	7,102

The sales volume of our OIS motors increased in 2024 as compared with 2023, which was primarily due to the further expansion of the range of OIS motor products supplied by us to the existing customers and our continued deepening of cooperation with a key customer. In 2025, the sales volume of our OIS motors slightly decreased, which was primarily due to driven by changes in the product mix delivered to our customers and delayed shipments resulting from the temporary deferral of certain demand from certain of end customers, including Customer B, as a result of adjustments to its procurement and shipment schedules for certain OIS motor products. Such deferral was temporary in nature as part of the relevant demand was subsequently reflected in shipments of OIS motor products and revenue recognised by us in the first quarter of 2026. The sales volume of OIS motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, primarily due to the relevant end customer's reduced production and shipment of certain smartphone models as a result of temporary price fluctuation and supply tightness of memory chips, which resulted in a decrease in shipments of our relevant OIS motors.

The sales volume of our periscope motors decreased in 2024, as compared with 2023, which was primarily attributable to our strategic adjustment to our overall product mix in 2024, as part of our business strategy to broaden the scope of our cooperation with a key customer and deepen our relationship, which in turn resulted in relatively lower shipments of periscope motors during the year. In 2025, the significant increase of periscope motors was primarily attributable to evolving customer demand and the successful mass production of our new periscope motor products, resulting in a significant increase in order intake and shipment volume to a key customer. The sales volume of periscope motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to the increased customer demand for our new periscope motors and the ramp-up in mass production and delivery of such products, which resulted in an increased customer order intake from, and shipments to, Customer B.

The sales volume of open-loop motors decreased in 2024 as compared with 2023, primarily because there was an increase in the proportion of higher-priced products in our product mix, and we selectively undertook higher-margin orders to maintain our focus on profitability. In 2025, the sales volume of open-loop motors increased primarily because we proactively secured and undertook certain new high-quality projects with relatively high profit margin. The sales volume of open-loop motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily because we adjusted the mix of project undertaken by placing greater focus on products with relatively higher gross profit margins. Sales volume of our closed-loop motors in 2025 increased as compared to 2024, primarily due to sustained downstream demand for high-reliability and compact imaging motors, supported by the ongoing global digital content creation trend and the continued growth of handheld imaging devices. Leveraging our entry into handheld imaging and the commencement of supply of closed-loop motors for End Customer B in 2024, we further increased shipments of such products in 2025. The sales volume of closed-loop motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to continued growth in shipments of closed-loop motors used in handheld imaging devices, which is aligned with the robust demand from End Customer B.

The increase in the sales volume of other motors from 2024 to 2025 was primarily attributable to our continued expansion of our application scenarios in non-smartphone application sectors, including action cameras, and strengthened our cooperation with customers in these sectors. The increase in the sales volume of other motors from 2023 to 2024 was primarily attributable to our expansion into non-smartphone application sectors and the increase in demand from customers in sectors such as security surveillance and smart home appliances, which led to higher shipment volumes of other motors during the period. The sales volume of other motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to the expansion and broader adoption of our motor products in various non-smartphone application scenarios, such as action cameras, UAVs, robotics and smart home devices.

Average Selling Price

The following table sets forth the average selling price of our motor products during the Track Record Period:

	For the Years Ended December 31,			For the Four Months Ended April 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
OIS motors	13.0	19.4	15.7	16.2	24.5
Periscope motors	70.7	243.8	110.8	356.2	57.3
Open-loop motors	1.8	2.1	1.9	1.9	2.0
Closed-loop motors	11.9	27.2	18.1	22.7	16.7
Other motors	3.4	3.4	13.1	4.3	8.8

The average selling price of our OIS motors increased in 2024 as compared with 2023, which was primarily because we commenced collaboration with and supply to certain new customers for OIS motors with more demanding technical specifications and performance requirements. In 2025, the average selling price of our OIS motors decreased, which was primarily due to the change in product mix and a broader range of customers. Meanwhile, the delayed shipments which was led by temporary deferral demands of certain high-price products to our end customers also resulted in the decrease of average selling price. The average selling price of OIS motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to changes in product mix and customer shipment structure. Specifically, as temporary price fluctuations and tight supply in memory-chip, which affected certain end customers' production and shipment of certain entry-level smartphone models and in turn, the shipments of certain OIS motors with relatively lower unit prices decreased. In addition, certain shipments of higher-value OIS motor products to Customer B were recognized during the period following the temporary deferral of customer demand in prior periods, resulting in a higher proportion of such products in our OIS motor sales and a higher average selling price.

The average selling price of our periscope motors increased in 2024, as compared with 2023, which was primarily due to the relevant products were mainly delivered in trial production and small batch quantities in 2024, resulting in relatively low shipment volumes and correspondingly higher unit prices. In 2025, the decrease of periscope motors was primarily attributable to the relevant projects progress into the mass production stage and shipment volumes increase. The average selling price of periscope motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to changes in product mix. The average selling price in the comparative period of 2025 was relatively high, mainly because one periscope motor model delivered during the period was at the trial production and small-batch delivery stage with a relatively high price. During the four months ended April 30, 2026, following the introduction of a new periscope motor model and the reduced contribution from such relatively high-priced model, the average selling price of periscope motors decreased accordingly.

The average selling price of our closed-loop motors increased from 2023 to 2024, primarily due to a shift in product mix. Driven by ongoing global digital content creation trend and the continued growth of handheld imaging devices, as well as higher requirements for highly reliable and compact image-stabilization motors, we expanded our presence in the handheld imaging segment and increased shipments of mid-to-high-end closed-loop motor products, which lifted the overall average selling price of our closed-loop motors. The average selling price of our closed-loop motors decreased in 2025 as compared with 2024, as we commenced shipments of a newly introduced closed-loop motor designed for a major end customer that carried a relatively lower unit selling price. The average selling price of closed-loop motors decreased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to our pricing adjustments for certain closed-loop motor models, taking into account the higher sales-volume, long-term stable cooperation with key customers and prevailing market conditions.

The average selling price of other motors remained relatively stable from 2023 to 2024, primarily because our sales of other motors during the period mainly consisted of stepper motors with relatively similar product specifications, resulting in a largely stable product mix and average selling price. The increase in the average selling price of other motors from 2024 to 2025 was primarily attributable to changes in product mix. In 2025, we commenced mass production and sales of variable-aperture motors applied to new application scenarios such as action cameras, which generally command higher selling prices due to their higher technical specifications and performance requirements. The average selling price of other motors increased in the four months ended April 30, 2026 as compared with the four months ended April 30, 2025, which was primarily due to the changes in product mix, particularly an increase in the proportion of higher-value motor products applied to non-smartphone application scenarios, including action cameras UAVs, robotics and smart home devices.

RESEARCH AND DEVELOPMENT

Our R&D Team

To keep pace with rapid developments in precision motor industry, we place strong emphasis on technological innovation. We have established R&D centers in both China and Japan. Our R&D strategy is designed to align with the product roadmaps and application needs of our end customers, thereby facilitating the commercialization of our new products. Building on years of accumulated know-how in motor design and precision component manufacturing, we focus on researching and developing high-speed, high-precision and miniaturized drive solutions for both imaging and non-imaging applications. During the Track Record Period, we focused on the R&D of (i) imaging motors, including long-focus and variable-focus camera motors and piezoelectric actuators; and (ii) non-imaging motors, such as next-generation precision micro motors.

We actively track industry and market trends to improve production efficiency, enhance reliability and manage cost. We have made, and will continue to make, substantial investments in R&D activities. Research expenditures incurred during the research phase are generally recognized as expenses when incurred. During the Track Record Period, we did not capitalize any research and development expenditures. In 2023, 2024, 2025, and the four months ended April 30, 2025 and 2026, our expensed R&D expenses amounted to RMB61.0 million, RMB76.9 million, RMB124.5 million, RMB40.3 million and RMB47.3 million, respectively, accounting for 7.1%, 4.9%, 6.4%,6.9% and 6.8% of our revenue for the respective periods.

As of April 30, 2026, we employed approximately 352 R&D personnel. Most of our R&D staff possess extensive expertise in motor design, electronic control systems, and related precision manufacturing technologies. We have instituted structured talent development combining onboarding programs and internal technical training. Our R&D personnel mainly specialize in mechanical engineering, electrical information engineering, automation, and possess relevant professional qualifications and technical backgrounds. The average length of relevant industry experience of our R&D personnel is approximately 5.77 years, and approximately 20.74% of our R&D personnel have more than ten years of relevant industry experience. As of April 30, 2026, approximately 61.93% of our R&D personnel held bachelor degrees or above. Our core R&D personnel have extensive experience in product development and technological innovation, and play key roles in our major R&D projects.

R&D Process

We have established a well-defined R&D process to support both our imaging and non-imaging product lines and to meet the product requirements of end customers. Upon receipt of a new development request by our sales and service department, our R&D team translates the customer's functional and performance specifications into internal technical requirements and, together with our project management, process automation and quality management departments, carries out end-to-end new product development. Our standard workflow covers project initiation, detailed development and design, engineering verification testing (EVT), design verification testing (DVT), pilot-run verification testing (PVT) and final project acceptance. In parallel, our operations and finance teams conduct cost analysis and prepare quotations based on the agreed technical solution.

For our imaging products, our sales team acts as the primary communication interface with end brand customers, and our R&D activities are primarily directed at meeting the imaging performance, functionality and cost requirements specified by such end brand customers. In designing and optimizing camera motors and related products, our R&D team takes into account product technology trends, product iteration and functional requirements, as well as cost considerations. For our non-imaging products, we follow the same project-based R&D process, with the design cycle varying with the scope of the project. Throughout development, R&D collaborates closely with manufacturing to ensure design-for-manufacturing and efficient transfer to volume production.

Core Technologies

We believe our long-term competitiveness is underpinned by a number of core proprietary technologies in miniature precision drive systems for imaging applications, which support both our current mass production and pipeline products:

- *AF VCM Technology.* Our AF VCM technology controls the stretching position of suspension springs by adjusting the direct current in the coil within a permanent magnetic field, thereby driving the lens to the appropriate position to capture clear images. Through optimization of process flows and automation, our products offer advantages in focusing accuracy, response speed and operating power consumption. This technology is currently applied in our VCM products.

- *Closed-Loop Control Technology.* Our closed-loop control technology enables precise control of VCM motion by using a feedback mechanism to continuously adjust the control signal in real time, so that the lens position can be accurately located while improving focusing speed. This technology meets the high-precision and fast-focusing requirements of optical modules and similar application scenarios, and is currently deployed in our closed-loop motor products.

- *OIS Technology.* Our OIS technology is designed to reduce image blur caused by motion or vibration of the camera module, and is commonly used in mobile phones and handheld imaging devices to enhance shooting stability and image quality. We have developed strengths in sliding-shaft structures and sensor-shift stabilization, enabling higher-performance stabilization that can support large CMOS sizes and high-pixel sensors. This technology is applied in our OIS products.

- *Periscope Structure Technology.* Our periscope structure technology uses refractive prisms to change the direction of the optical path (for example, bending incident light from a direction perpendicular to the handset into a parallel optical path within the device), allowing the optical imaging system to be arranged laterally inside the handset. This extends the optical path and enables high-magnification optical zoom without increasing handset thickness. The complex optical architecture places stringent requirements on motor control accuracy and flexibility. This technology is applied in our periscope OIS products.

- *Piezoelectric Actuation Technology.* Our piezoelectric motor technology utilizes the inverse piezoelectric effect, whereby the application of an electric voltage to piezoelectric materials induces precise micro-scale deformation, driving the focusing mechanism to achieve highly accurate focusing motion. This solution offers high driving force and high control precision, and our products have achieved nanometer-level control accuracy. The technology is applied in our piezoelectric motor products.

- *SMA Actuation Technology.* Our SMA motor technology leverages the shape-memory effect and super elasticity of shape-memory alloy materials. When energized, the SMA element contracts, pulling or pushing connected lens components or other parts to move and thereby realizing functions such as autofocus and stablization. This technology features high thrust and immunity to magnetic interference, and is applied in our SMA motor products.

- *High Power Density Technology.* Our high-power density technology is primarily applied in consumer-grade UAVs, security equipment and robotic vacuum cleaners. To address the stringent constraints on motor size, we use tools such as finite element analysis (FEA) to optimize stator slot geometry, pole count, air-gap length and the dimensions and magnetic properties of permanent magnets (including the use of high-grade rare earth permanent magnet materials), so as to maximize output torque for a given volume or reduce motor size and weight for a given torque.

- *High-Efficiency, Low-Loss Stator Winding Processes.* Our high-efficiency low-loss stator winding processes are mainly applied in handheld gimbal products. We employ high slot-fill, low-resistance winding techniques, such as high-precision automatic winding processes and specialized insulation treatments, with the objective of minimizing copper loss and reducing heat generation.

- *Ultra-Low Torque Ripple and Low-Noise Design Technology.* This technology is mainly applied in consumer-grade UAVs. Taking into account the brittleness and stringent temperature requirements of rare earth permanent magnets (such as NdFeB), we have developed high-strength, high-temperature-resistant bonding and encapsulation processes to help ensure that magnets do not detach or demagnetize under high-speed and high-stress operating conditions and that the magnetic field remains uniform, thereby contributing to reduced vibration and noise.

- *Miniaturized, High-Precision Bearing and Rotor Balancing Technology.* This technology is mainly applied in consumer-grade UAVs. To meet the stringent requirements on speed, precision and service life for micro motors, we use high-performance miniature bearings and apply stringent standards for rotor dynamic balancing, concentricity and run-out control, thereby reducing vibration and friction.

Typical R&D Project and Development Process

During the Track Record Period, we conducted multiple research and development projects in relation to precision motion control and smart sensing interaction solutions. The timeline may vary significantly across different projects depending on factors such as customer requirements, product complexity and other relevant considerations. To provide investors with a clear view of our R&D process, we describe below a typical R&D project undertaken during the Track Record Period (the "**Typical Project**"), which reflects our standardized R&D management framework and integrated development capabilities.

R&D Process and Timeline

We have established a standardized product lifecycle management ("**PLM**") system to govern its R&D activities, and we further upgraded PLM system in 2025. The Typical Project was initiated in January 2025 and was completed in accordance with the project plan, with mass production commencing in July 2025. The overall development cycle lasted approximately six months. During this period, we completed conceptual design, EVT, DVT and PVT and subsequently transitioned the product into mass production.

Milestones and Achievement Targets

During the development process, cross-functional teams comprising R&D, engineering, quality management, manufacturing and marketing personnel collaborate to ensure alignment with customer requirements and technical specifications. Key development activities include technical planning, feasibility studies, prototype fabrication, performance testing, reliability assessment, process validation and design finalization. Progress is monitored through regular project reviews and milestone evaluations. For the Typical Project, our technical targets primarily included high-precision focusing accuracy, improved image stabilization performance and reduced power consumption. Our commercial targets focused on timely sample delivery, stable mass production and compliance with customer specifications. Our quality targets included achieving target yield rates, meeting reliability requirements and passing customer validation testing.

Involvement of Stakeholders & Intellectual Property Ownership

Our R&D projects involve internal teams, suppliers and customers, with ongoing collaboration across design reviews, sample evaluations and mass production preparation. Customer feedback throughout the development cycle reflects downstream application needs, which we incorporate into our design and validation activities. Our pre-existing intellectual property rights and know-how developed independently by us prior to the relevant R&D projects, including those applicable to or adopted in customer-specific R&D projects, generally remain owned by us. Intellectual property arising from our R&D projects is owned in accordance with the relevant contractual terms. The corresponding contractual terms generally provide for: (i) ownership, whereby any agreed terms specifying the ownership of the resulting patent rights or the benefits of the resulting know-how shall prevail. As advised by our PRC Legal Advisor, absent such specification, patent rights developed independently by us are solely owned by us, whereas those developed jointly with a customer are jointly owned. Regarding the relevant know-how, such matters shall first be determined by supplemental agreements, other contractual terms, and transaction practices, failing which, such rights shall be jointly enjoyed by the parties until the underlying technical solution is granted a patent and (ii) rights of use, which set out the scope of each party's rights to use the intellectual property rights in the contract products developed under the relevant agreement. With respect to the Typical Project described above, we have not agreed on any terms specifying the ownership of the resulting intellectual property rights and know-how. During the course of the Typical Project, we independently developed the relevant technologies and filed three corresponding patent applications in our own name.

MARKETING, SALES AND CUSTOMERS

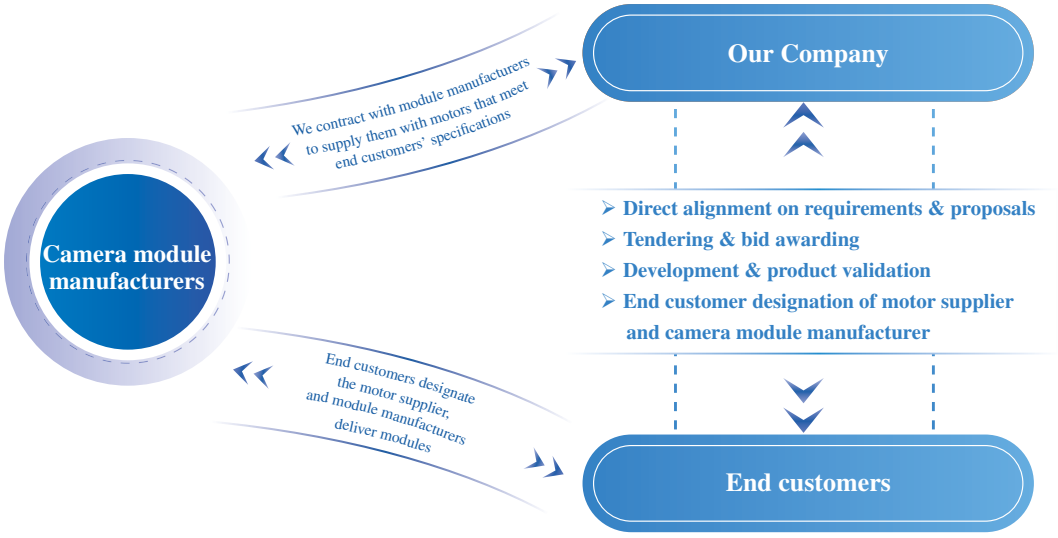
Sales and Marketing

During the Track Record Period, we derived our revenue from direct sales. We have established an experienced and professional sales and marketing team to promote and sell our products, which comprised 20 employees as of April 30, 2026. We adopt different sales models for our imaging and non-imaging products, as procurement practices differ across the respective downstream industries for these product types.

Sales Model for Imaging Products

For imaging products, end customers (smartphone and handheld device brands) predominately drive motor selection and project initiation. Once designated, we supply motors to camera module manufacturers, which are our direct customers, under supply arrangements backed by these end-customer relationships. In a typical project, the end customer defines performance requirements, approves suppliers and camera module manufacturers. When the camera module manufacturer places purchase orders upon successful testing, we will work with both parties to finalize motor specifications, manufacture and delivery. Since designated motors are generally used throughout a product model's entire lifecycle and often carry into subsequent generations, our business with direct customers is effectively anchored by our long-term relationships with end customers.

The following diagram illustrates our typical transaction flow and relationships among us, end customers, camera module manufacturers and other participants in respect of the sales of our imaging products:



In relation to imaging products' business development, we typically become a supplier to new customers and/or end customers through: (i) referrals or introduction from our existing customers and/or end customers, (ii) participation in new customers/end customers' bidding process, (iii) inbound enquiries from potential customers who have learned of our products through industry exhibitions, trade shows, and our reputation in the market.

End customers generally select the suppliers based on a comprehensive evaluation process, which include assessment of (i) product performance and reliability; (ii) technical capability, including R&D and engineering support; (iii) manufacturing capability and quality management systems; (iv) delivery capacity and supply stability; (v) cost competitiveness; and (vi) compliance record. The selection process may involve multiple stages, including factory audits, qualification review, capability assessment, on-site audit, and sample testing, and generally spans for approximately one year or more, although the actual timeframe may vary depending on the end customer's internal procedures, the complexity of the relevant product model, and the timetable of the relevant product launch.

In general, end customers do not designate suppliers of raw materials, parts or components for our imaging products, and we independently determine our procurement arrangements in accordance with our internal supplier qualification and procurement policies. However, in limited circumstances, certain end customers may specify or recommend particular materials (i.e. customized chips), components, parts and/or upstream suppliers for a given product model.

Sales Model for Non-imaging Products

For non-imaging products, we transact directly with brand customers, who approach us with their development needs, evaluate our technical and commercial capabilities, and upon selection, work with us to finalize specifications, testing requirements and delivery terms. We then enter into supply agreements and receive purchase orders directly from them. Our marketing centers on technical communication and targeted demonstrations. Throughout the Track Record Period, we did not experience any customer dispute, return, recall or liability claim that materially impacted our business.

Pricing

In determining the pricing of our products, we adopt a market-oriented pricing principle and consider a range of factors, including production costs, target profit margins, prevailing market conditions and competitive dynamics, product complexity, target pricing from customers, among others.

Imaging Products

For our imaging products, prices are primarily determined through tender or quotation processes organized by end customers. We submit technical and commercial proposals for evaluation based on customers' performance requirements, application scenarios and pricing expectations. Prior to submission, our proposed pricing is formulated based on detailed cost assessments, including bill of materials, manufacturing processes, labor costs and equipment utilization, and is subject to internal review and approval by the relevant sales and management personnel. Final pricing is determined after comprehensive evaluation by end customers, bidding process, and commercial negotiations.

Non-imaging Products

For our non-imaging products, pricing is generally established through negotiations or tenders organized by our direct customers. Our sales team prepares quotations based on customers' specifications, delivery requirements, payment method and final price supported by internal cost analysis and market benchmarking. Such quotations are reviewed and approved by the relevant sales and management personnel in accordance with our internal pricing policies before the submission to our direct customers. Where applicable, pricing adjustments and discount arrangements are subject to additional internal approval procedures.

Top Customers

Our direct customers are mainly camera module manufacturers, which primarily supply smartphones and other consumer electronics brands. For most of our imaging projects, these manufacturers purchase our products based on the selection or designation made by end customers. For further information, please see "– Marketing, Sales and Customers – Sales and Marketing". Unless otherwise stated, references to "customers" in this document refer to direct customers, rather than end customers. Our customers typically settle with us by bank transfer or bank acceptance bills. Revenue generated from our largest customer for 2023, 2024 and 2025, and the four months ended April 30, 2026 accounted for 37.9%, 30.7%, 30.4% and 41.7% of our total revenue for the respective years/periods; and our sales to the five largest customers for the same years/periods accounted for 90.5%, 93.7%, 85.4% and 86.2% of our total revenue, respectively. The payment methods adopted by our top five customers are generally consistent with our standard business practice and industry norms, which primarily include settlement by bank acceptance bills and electronic bank transfers.

The following tables set forth the details of our top five customers for each period during the Track Record Period in terms of revenue:

Customers[1]	Major products/services purchased from us	Year of commencement of business relationship with us	Credit terms	Revenue contribution	Percentage of our total revenue for the period
				RMB'000	*%*
For the Year Ended December 31, 2023					
OFILM[2]	OIS motor, open-loop motor, closed-loop motor, other motors	2018	90 days	324,005	37.9
Customer A[3]	OIS motor, open-loop motor, closed-loop motor	2016	60 days	231,232	27.0
Customer B[4]	Periscope motor	2023	90 days	113,827	13.3
Customer C[5]	OIS motor, open-loop motor, other motors	2016	60 days	94,392	11.0
Customer D[6]	Open-loop motor	2016	60 days	10,892	1.3
Total				**774,348**	**90.5**

Customers	Major products/services purchased from us	Year of commencement of business relationship with us	Credit terms	Revenue contribution	Percentage of our total revenue for the period
				RMB'000	*%*
For the Year Ended December 31, 2024					
Customer E[7]	OIS motor, open-loop motor, periscope motor, other motors	2019	90 days	480,588	30.7
OFILM	OIS motor, open-loop motor, closed-loop motor, periscope motor, other motors	2018	90 days	431,854	27.6
Customer A	OIS motor, closed-loop motor, open-lop motor	2016	60 days	292,758	18.7
Customer C	OIS motor, open-loop motor, other motors	2016	60 days	191,441	12.2
Customer F[8]	OIS motor, open-loop motor	2021	90 days	71,003	4.5
Total				**1,467,644**	**93.7**

Customers	Major products/services purchased from us	Year of commencement of business relationship with us	Credit terms	Revenue contribution	Percentage of our total revenue for the period
				RMB'000	*%*
For the Year Ended December 31, 2025					
OFILM	OIS motor, closed-loop motor, periscope motor, open-loop motor, other motors	2018	90 days	594,381	30.4
Customer E	OIS motor, periscope motor, open-loop motor, other motors	2019	90 days	416,425	21.3
Customer A	OIS motor, closed-loop motor, open-loop motor	2016	60 days	370,369	18.9
Customer C	OIS motor, open-loop motor, other motors	2016	60 days	199,213	10.2
Customer G[9]	Other motors	2024	90 days	89,568	4.6
Total				**1,669,956**	**85.4**

Customers	Major products/services purchased from us	Year of commencement of business relationship with us	Credit terms	Revenue contribution	Percentage of our total revenue for the period
				RMB'000	*%*
For the Four Months Ended April 30, 2026					
OFILM	OIS motor, closed-loop motor, periscope motor, open-loop motor, other motors	2018	90 days	289,777	41.7
Customer E	OIS motor, periscope motor, open-loop motor, other motors	2019	90 days	144,966	20.9
Customer A	OIS motor, closed-loop motor, open-loop motor	2016	60 days	93,797	13.5
Customer C	OIS motor, open-loop motor, other motors	2016	60 days	49,908	7.2
Customer B	Periscope motor, R&D related technical services	2023	90 days	19,921	2.9
Total				**598,369**	**86.2**

Notes:

(1) Certain customers are entities controlled by the same corporate group. While we conduct transactions with each entity individually, revenue from these sales has been aggregated and calculated on a consolidated group basis.

(2) OFILM, a company established in the PRC whose shares are listed on the Shenzhen Stock Exchange, and is controlled by Dr. Cai, a non-executive Director, chairman of the Board and a Controlling Shareholder.

(3) Customer A represents certain entities controlled by a company listed on the Stock Exchange, which is primarily engaged in the research, development, manufacturing and sales of camera modules and fingerprint recognition modules for smart devices.

(4) Customer B represents certain entities controlled by a leading Chinese corporation, which is primarily engaged in the development and sales of telecommunications equipment, consumer electronics, electric vehicle autonomous driving systems, and rooftop solar power products. We had made limited sample deliveries to Customer B before the Track Record Period primarily for testing and validation purposes.

(5) Customer C represents certain entities controlled by a company listed on the Stock Exchange, which is primarily engaged in the research, development, manufacturing and sales of optical and opto-electronic products, including optical lenses, camera modules and imaging systems.

(6) Customer D is a company incorporated in the Taiwan region, primarily engaged in the research, development, production and sale of optical lenses, molds and related components for automotive, industrial and consumer electronics applications, which is listed on the Taiwan Stock Exchange.

(7) Customer E is a company incorporated in the PRC, primarily engaged in the research, development, manufacturing and sales of electrical components, including camera modules for consumer electronics, automotive electronics and other imaging applications.

(8) Customer F is a company incorporated in the PRC, primarily engaged in the design, development, manufacturing and sale of optical lenses, imaging modules and related optical components, whose parent company is listed on the Stock Exchange.

(9) Customer G is a company incorporated in the PRC, primarily engaged in the research and development, production and sales of precision optical components and related products, whose parent company is listed on the Taiwan Stock Exchange.

Among our top five customers during the Track Record Period, only OFILM was a connected person. Based on OFILM's publicly disclosed annual reports, our sales to OFILM represented approximately 2.2%, 2.5% and 3.3% of OFILM's total purchases in 2023, 2024 and 2025, respectively. Save for the aforesaid connected person, none of our other top five customers was a connected person. OFILM is controlled by Dr. Cai, a non-executive Director and chairman of the Board and a Controlling Shareholder. Dr. Cai, together with other acting-in-concert entities, has legal and management control over OFILM. Therefore, OFILM is an associate of Dr. Cai, and therefore a connected person of us under Rule 14A.07 of the Listing Rules. For our cooperation relationship with OFILM, please see "Relationship with Our Controlling Shareholders – Independence from Our Controlling Shareholders – Operational Independence – Transactions with OFILM". As of the Latest Practicable Date, except OFILM, none of our Directors, their close associates or any of our shareholders (who 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 in each year during the Track Record Period.

Our Directors are of the view that the customer concentration observed during the Track Record Period is line with the industry practice and structural characteristics of the micro motor market. The downstream industries we primarily serve, including smartphones and other consumer electronics, are dominated by a limited number of leading brand owners ("**End Customers**"). According to Frost & Sullivan, it is common for major micro motor suppliers to derive a significant portion of their revenue from a small number of key customers due to the concentrated nature of the downstream market. In addition, the micro motor industry is characterised by relatively high entry barriers, including technological know-how, production capabilities and established customer relationships, which further contributes to a supplier landscape in which industry-leading micro motor enterprises typically serve a limited number of major customers with large and stable demand. According to Frost & Sullivan, it is customary for enterprises in the micro motor industry to establish and maintain business relationships with industry-leading companies in smartphones, other handheld imaging devices, security and surveillance, consumer-grade UAVs, smart home devices and other related

fields. According to Frost & Sullivan, at the downstream level, the top ten smartphone brands account for over 90% of global market share, which directly limits the customer base of imaging motor manufacturers to a small number of leading terminal brands; at the midstream level, the similarly concentrated camera module industry further constrains the supply chain. The high concentration in both downstream and midstream segments is reinforced by lengthy certification cycles and strong supply chain lock-in, making high customer concentration an inherent and reasonable feature of the sector. According to Frost & Sullivan, certification cycle length varies by motor type, for OIS motors, the certification cycle generally ranges from five to seven months in the midstream segment such as camera module manufacturers, and approximately six months in the downstream segment such as smartphone brands; for periscope motors, the certification cycle generally ranges from six to twelve months in the midstream segment and approximately twelve months in the downstream segment. On this basis, according to Frost & Sullivan, our level of customer concentration is consistent with industry practices and comparable to that of peers serving similar downstream markets.

The Joint Sponsors are of the view that, notwithstanding the relatively high level of customer concentration, we do not have undue reliance on our five largest customers during the Track Record Period, taking into account: (i) we operate in the consumer electronics and imaging motor industry, where downstream markets are highly concentrated and dominated by a limited number of leading smartphone brands and module manufacturers. As such, a relatively high level of customer concentration is consistent with industry norm and comparable to that of peer companies; (ii) we have established stable and long-term relationships with our major customers, supported by long-term framework arrangements and deep integration into customers' product development and supply chains; (iii) we typically secure orders through competitive bidding or quotation processes, and pricing is determined on an arm's length basis based on market conditions, with no exclusivity arrangements; (iv) the industry is characterized by stringent qualification requirements and long certification cycles. Once qualified, suppliers generally maintain stable cooperation with customers, reducing the risk of sudden termination; and (v) we have been expanding into non-imaging motor applications and broadening our customer base, which is expected to gradually mitigate concentration risk.

In particular, our sales to direct customers, primarily camera module manufacturers, are substantially driven by the selection and designation of these End Customers for imaging products. Under the prevailing industry practice, End Customers typically designate both the camera module manufacturers and specific suppliers for key components, including motors, based on rigorous technical and quality assessments. Once we are selected for a specific product, the designated camera module manufacturers are directed to procure from us to meet the End Customers' specifications. For details, please see "– Marketing, Sales and Customers – Sales and Marketing". As a result, our revenue concentration is a reflection of our successful penetration into the supply chains of leading End Customers, rather than an over-reliance on the independent decision-making of single camera module manufacturers. Moreover, our micro motor products are subject to stringent technical, quality and reliability requirements, and End Customers generally conduct a comprehensive evaluation process prior to approving suppliers and commencing cooperation. Once our products are integrated into customers' product designs, the replacement of relevant products is generally subject to a high level of technical complexity and customization requirements, as a result, we are able to maintain long-term and stable relationships with our major customers.

Our Directors believe that our relationships with our major customers are stable and that we are not overly dependent on them, based on the following factors: (i) Early technical engagement and Integration: We maintain deep engagement with End Customers, often participating in the early stages of product development. This allows us to provide highly bespoke solutions that align closely with the performance needs of the final products. Given the rigorous qualification processes involved, such as reliability testing and environmental adaptability verification, we believe our established role as a qualified supplier provides continuity and efficiency that are valuable to our customers. According to Frost & Sullivan, the imaging motor industry is characterized by high barriers to entry and stringent End Customer requirements, and only a limited number of suppliers are able to deliver highly customized products at the required quality standards and scale, which supports our view that we enjoy strong customer stickiness with our major End Customers; and (ii) Long-standing Partnership and Quality Standards: We have cultivated long-standing, mutually beneficial partnerships with these customers. Given the stringent qualification requirements and

the need to meet End Customers' performance, quality and delivery standards at scale, we believe only a limited number of suppliers are able to offer products with comparable technical capabilities and quality. According to Frost & Sullivan, in the OIS motor sector, which is a mid-to-high-end imaging motor market, the Group ranked No.4 globally and No.1 in China with market shares of 5.6% and 14.0%, respectively, in terms of revenue in 2025. According to Frost & Sullivan, the sector is characterised by high technical barriers, our market positioning supports the view that only a limited number of market participants are able to compete at a comparable level to the Group. Our consistent track record in delivery, quality control, and technical support has fostered a strong collaborative relationship, making us a trusted partner for their products. Our business relationships with major customers are conducted on an arm's length basis and on normal commercial terms. Based on the foregoing, our Directors consider that the likelihood of any material adverse change in, or termination of, our business relationship with our five largest customers is low.

Notwithstanding the foregoing, our Directors recognize that a relatively high concentration of revenue among a small number of major customers and/or End Customers may, from time to time, increase our exposure to changes in demand patterns and procurement arrangements of such customers. In particular, our revenue and results of operations may be affected if our major customers and/or End Customers reduce their purchase volumes, adjust inventory levels, reschedule or delay product launches or otherwise modify their procurement plans. In addition, our business may be adversely affected if we are unable to maintain our supplier status for certain product models or platforms. For details of the risks associated with customer concentration, please refer to "Risk Factors – Risks Relating to Our Business and Industry – A relatively high proportion of our revenue was generated from our top five customers and loss of any one or more of these customers may materially and adversely affect our business, financial condition and results of operations."

However, our Directors also recognize the importance of continuously optimizing our customer portfolio to ensure long-term business resilience. While we value our existing partnerships, we remain committed to developing new applications and customers to mitigate the potential impact of demand fluctuations in specific markets.

To mitigate customer concentration risk and enhance the long-term stability and sustainability of our business, we have adopted, and will continue to implement, the following measures: (i) strengthening long-term relationships with our major customers through early-stage technical engagement, integrated product development and continuous quality assurance, and maintaining our competitiveness under stringent qualification and audit requirements; (ii) proactively expanding and diversifying our customer base by exploring new downstream application fields and engaging potential customers in emerging sectors, with a view to progressively diversifying our revenue sources and reducing reliance on any single customer or group of customers over time; and (iii) continuously optimizing our production capacity planning and supply chain management to enhance operational flexibility, delivery reliability and cost efficiency, while maintaining ongoing investment in research and development to strengthen our technological capabilities, product performance and customization capacity, thereby supporting product innovation, differentiated solutions and the expansion of application scenarios. There were 34, 10, 32 and 6 new customers in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively, which refer to customers had transactions with us in the relevant year but had not previously had any transactions or business relationship with us prior to such year. The revenue contributed by such new customers was approximately RMB21.2 million, RMB4.3 million, RMB77.3 million and RMB1.7 million in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively.

Agreements with Our Customers

The terms of the framework sales agreements we entered into with our customers vary depending on their specific requirements. Set out below are the material terms of the framework sales agreements we generally enter into with our key customers:

Key Terms	Descriptions
Duration	The term of our agreements with major customers typically ranges from one year to longer-term arrangements, depending on the nature of the customer and the underlying business, with certain contracts subject to automatic renewal.
Product	The product models are designated by the customers and expressly specified in the agreements.
Pricing	The specific prices of our products may be determined through tender processes and are set out in individual purchase orders placed by our customers from time to time. Any price adjustment shall be subject to the mutual agreement of both parties.
Quality control	The quality shall be in compliance with the specific standards designated by our customers, or in compliance with applicable international, national, local or industry standards.
Payment and Credit Terms	Upon the buyer's acceptance of the products after inspection, payment shall be made on the date specified in the relevant contract. We generally grant our customers a credit period ranging from 60 to 120 days.
Minimum Purchase Commitment	None of the agreements requires the customers to make any minimum purchase commitments.
Delivery	The delivery responsibility is typically borne by either our customers or us, as specified in the contracts.
Penalties of Breaches	In the event of our breach of contract, the customer is entitled to withhold payment, and we shall be liable for any corresponding losses incurred by the customer.
Termination	Unilateral termination of the contract is only permitted upon the occurrence of material events, including, among others, failure of a party to perform its contractual obligations within a reasonable period after receiving a notice to cure, bankruptcy or insolvency of a party, or other events constituting a material breach of the contract.

During the Track Record Period, we did not experience any material breaches of our agreements with customers, nor did we have any material returns of products or services from our customers.

Our End Customers

Our end customers are mainly leading manufacturers of smartphones, handheld imaging devices, consumer-grade unmanned aerial vehicles, smart home devices and other consumer and industrial applications. During the Track Record Period, we had cooperated with 14 end customers. To the best of our knowledge, our end customers generally select or designate suppliers based on factors including product performance, reliability, technological capability noted track record, pricing competitiveness and delivery capacity.

The following table sets forth our major end customers and the respective revenue attributable to product models designed for such end customers, as derived from our sales to the relevant direct customers, during the Track Record Period.

	For the Year Ended December 31,			For the Four Months Ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Customer B[(1)]	115,468	486,466	552,630	131,925	376,765
End Customer A[(2)]	300,876	449,942	424,242	152,578	44,101
End Customer B[(3)]	16,793	68,337	336,454	50,591	135,626
End Customer C[(4)]	233,340	273,257	260,629	117,354	46,646
End Customer D[(5)]	66,277	144,737	205,938	66,915	31,300
End Customer E[(6)]	35,001	65,959	83,569	41,753	4,771

Notes:

(1) Customer B was our third largest direct customer in 2023 as detailed in "– Top Customers" above in this section. During the Track Record Period, we conducted direct transactions with, and indirect sales through module manufacturers to, Customer B. In 2023, for confidentiality and other commercial considerations, a relatively higher proportion of our sales to Customer B was conducted on a direct basis. Subsequently, our sales to Customer B gradually shifted towards indirect sales through module manufacturers, and in 2025, the majority of our transactions relating to Customer B were conducted on an indirect basis.

(2) End Customer A is a company incorporated in the Cayman Islands, principally engaged in the design, development and sale of smartphones, smart hardware and internet services, whose shares are listed on the Stock Exchange.

(3) End Customer B is a company incorporated in the PRC and principally engaged in the research, development, manufacturing and sale of consumer and professional UAVs and related imaging systems.

(4) End Customer C is a company incorporated in the PRC and principally engaged in the research, development, manufacturing and sale of smartphones and related intelligent devices.

(5) End Customer D is a company incorporated in Hong Kong and principally engaged in the design, development, manufacturing and sale of personal computers, smart devices and related technology products, whose shares are listed on the Stock Exchange.

(6) End Customer E is a company incorporated in the PRC and principally engaged in the research, development, manufacturing and sale of smartphones and smart devices.

Agreements with Our End Customers

During the Track Record Period, we entered into certain agreements with our end customers which typically cover, among other matters, quality assurance, intellectual property protection, compliance requirements and remedies for breach. The key terms in the agreements between us and our end customers include (i) quality assurance, which in the event of quality defects, we are required to provide remedial measures, including repair, replacement or compensation in accordance with contractual terms; (ii) environmental and compliance, which under the relevant agreements, we are required to comply with applicable environmental protection, occupational safety and product compliance laws and regulations; (iii) IP protection, which we are subject to confidentiality and intellectual property protection obligations under the relevant agreements; and (iv) remedies, which remedies for breach mainly include corrective measures, compensation and termination under agreed circumstances.

OUR PRODUCTION

In line with our development strategy, we have prioritized standardized, disciplined and efficiency-oriented manufacturing across our micro motor product lines. Our operating model integrates early-stage design, efficient product development process, reliability validation, precision assembly and lifecycle support, enabling customized, high-reliability motion components at scale. We focus on continuous process optimization and strict workflow control, supported by in-process inspections and end-of-line performance testing, to enhance yield stability and delivery predictability.

During the Track Record Period, our camera-related miniature drive products constituted the predominant share of shipments for imaging products, mainly including OIS motors, periscope motors, open-loop motors, and closed-loop motors. In parallel, we realized stable mass production for stepper motors for non-imaging scenarios.

Production Bases

We strategically locate our production bases to efficiently serve key customers and to provide timely logistics and on-site support. As of April 30, 2026, we operated two production bases in Jiaxing and Hefei, China.

The table below sets out details of our production bases that have already completed as of April 30, 2026:

Our Production Bases	Location	Aggregate GFA	Descriptions
Jiaxing Plant (嘉興工廠)	Jiaxing, Zhejiang, China	approximately 23,000 sq.m.	mainly produces open-loop motors, closed-loop motors, OIS motors, periscope motors and other motor products
Hefei Plant (合肥工廠)	Hefei, Anhui, China	approximately 4,770 sq.m.	mainly produces open-loop motors, closed-loop motors and other motor products

As of April 30, 2026, we were in the process of developing our Nanchang Plant (南昌工廠) and Dongguan Plant (東莞工廠). Both production plants are under construction. The Nanchang plant is currently undergoing equipment commissioning and is expected to be completed in the third quarter of 2026, while certain production lines at the Dongguan plant have already commenced operation, certain other production lines are currently undergoing equipment commissioning, and the plant, which is being constructed in phases, is expected to be fully completed in 2029. The table below sets out details of these new production bases:

Our production bases	Location	Aggregate GFA	Planned Production capacity	Descriptions
Nanchang Plant	Nanchang, Jiangxi, China	Approximately 10,100 sq.m.	5 million sliding-axis ball motors per year	Mainly produces imaging motors
Dongguan Plant	Dongguan, Guangdong, China	Approximately 2,356 sq.m.	15-20 million BLDC motors (the first phase) per year	Mainly produces BLDC motors

Utilization Rate

During the Track Record Period, we achieved stable mass production and shipment of:

			For the Years Ended December 31,			For the Four Months Ended April 30,
			2023	2024	2025	2026
	Metrics	*Unit*				
OIS motors	Production volume	'000 pieces	39,652	70,177	66,015	15,886
	Production capacity	'000 pieces	46,018	80,542	81,350	30,257
	Utilization rate	%	86.2	87.1	81.1	53.0
Periscope motors	Production volume	'000 pieces	1,686	–	2,091	1,041
	Production capacity	'000 pieces	1,750	–	6,164	3,069
	Utilization rate	%	96.4	N/A	33.9	33.9
Open-loop motors	Production volume	'000 pieces	100,736	99,311	137,961	24,717
	Production capacity	'000 pieces	195,013	207,677	197,314	91,706
	Utilization rate	%	51.7	47.8	69.9	27.0
Closed-loop motors	Production volume	'000 pieces	3,394	2,655	18,755	10,948
	Production capacity	'000 pieces	5,653	3,473	25,412	11,037
	Utilization rate	%	60.0	76.4	73.8	99.2
Other Motors	Production volume	'000 pieces	5,289	9,333	12,793	8,152
	Production capacity	'000 pieces	9,691	9,691	14,429	21,008
	Utilization rate	%	54.6	96.3	88.7	39.0

Notes:

(1) Our production capacity for each period is calculated based on working days, working hours per day and pace of production, after taking into account time required for maintenance and replacement of machinery and equipment.

(2) Our production capacity utilization rate for each period is calculated by dividing the production volume by the production capacity.

Our capacity utilization rate for OIS motors remained stable at 86.2% in 2023 and 87.1% in 2024, and decreased slightly to 81.1% in 2025, primarily due to a modest decline in production volume in line with lower sales volume of OIS motors in 2025, while production capacity remained relatively stable.

The capacity utilization rate for periscope motors was 96.4% in 2023. In 2024, no production capacity was allocated to periscope motors and no periscope motors were produced, which was primarily due to our strategic shift in supply focus to OIS motors in 2024 to expand the scope of cooperation and deepen our relationship with a major customer, resulting in lower shipment volume of periscope motors during the year. In 2025, we resumed supply of periscope motors as our product portfolio and application coverage expanded, resulting in a capacity utilization rate of 33.9%.

Our capacity utilization rate for open-loop motors decreased from 51.7% in 2023 to 47.8% in 2024, primarily due to a decline in customer order volume. To manage our inventory level, we adjusted our production output accordingly, which resulted in a lower capacity utilization rate. In 2025, we received substantial orders for an end customer, and we ramped up production to meet delivery requirements, resulting in an increase in capacity utilization rate to 69.9%.

Our capacity utilization rate for closed-loop motors increased from 60.0% in 2023 to 76.4% in 2024, primarily due to the transition of a designated closed-loop motor project for a key customer from trial production in 2023 to preliminary mass production in 2024, which drove higher production output. Our capacity utilization rate for closed-loop motors remained relatively stable at 73.8% in 2025.

Our capacity utilization rate for other motors increased from 54.6% in 2023 to 96.3% in 2024, primarily due to a substantial increase in customer orders for stepper motors in 2024, which in turn led to a significant increase in sales volume and production output. The capacity utilization rate for other motors decreased to 88.7% in 2025, primarily because capacity expansion outpaced the growth in production volume.

Manufacturing Process

Our manufacturing process can be broadly categorized into four key stages: (i) preparation, (ii) motor assembly, (iii) performance testing and (iv) packaging & warehousing. The average production cycle for our major products is approximately one to five days, depending on product specifications and order volume. For the regular OIS motors, preparation costs approximately six hours, motor assembly costs approximately 24 hours, performance testing costs approximately 12 hours, and packaging and warehousing costs approximately six hours.

Our products are manufactured through the following key steps:

Preparation

Imaging Products

- Core Parts Cleaning & Preparation: Core motor parts, including stator and rotor, are cleaned and prepared prior to processing to ensure product precision and reliability.
- Core Parts Processing & Sub-assembly: The stator and rotor components undergo processing and sub-assembly procedures, during which appearance and dimensional checks are conducted to ensure quality consistency.

Non-imaging Products

- Structural Component Processing: Basic structural components, including shafts, housings and stator windings, are processed and prepared as the foundation of the motor.
- Functional Parts Installation: Key functional components, such as magnets, wiring and bearings, are installed to enable the motor's operational functions.
- Balancing & Reliability Treatment: Reliability-enhancing procedures, including shaping, baking and dynamic balancing, are conducted to improve operational stability and durability.

Motor Assembly

Processed stator and rotor components are integrated and assembled into the final motor structure.

Performance Testing

Completed motors are subject to performance testing and quality inspection procedures to verify compliance with technical specifications and customer requirements.

Packaging & Warehousing

Qualified products are cleaned, labeled, packed and transferred to warehousing for storage and subsequent delivery.

Sourcing of Raw Materials, Parts and Components

We source our principal raw materials, parts and components from a diversified base of qualified suppliers in accordance with our internal procurement policies. Our major raw materials and components include but not limit to base plates, brackets, wire carriers and flexible printed circuits, which are primarily sourced from suppliers located in China. We conduct supplier selection and evaluation based on criteria including but not limited to product quality, technical capabilities, delivery reliability, services, and pricing competitiveness.

Our procurement activities are conducted in accordance with our established internal control procedures and standardized purchasing policies. The procurement process generally begins with relevant departments submitting a purchase requisition based on their operational and production needs. Such requisitions are subject to internal review and approval procedures. Upon approval, our procurement team conducts supplier sourcing and quotation inquiries. Our procurement personnel perform price comparison and assessment from various suppliers, followed by internal price verification and approval procedures. After the proposed pricing is approved, the relevant procurement information is uploaded to our internal procurement management system and the orders will be processed to suppliers. Subsequently, our procurement and relevant operational departments monitor the delivery status and follow up on outstanding orders.

Our Production Equipment

During the Track Record Period, we procured most of our production equipment from reputable suppliers in the PRC, and we also designed certain specialized machines in-house to meet the specific technical requirements of our core products. Given the wide availability of equipment suppliers in the market, and to the best of our Directors' knowledge, we are not dependent on any single equipment supplier and can identify suitable alternative qualified suppliers within a short period if needed.

Major Equipment and Machinery

Our production facilities are equipped with advanced machinery and equipment to support efficient and standardized manufacturing. Our major production equipment spans four key stages of the manufacturing process: the preparation stage, which utilises ultrasonic cleaners and drying ovens; the motor assembly stage, which employs adhesive dispensing machines and welding machines; the performance testing stage, which relies on variable-frequency vibrating machines, testing equipment and laser engraving machines; and the packaging and warehousing stage, which uses inspection machines, cleaning machines and vacuum packaging machines.

As at the Latest Practicable Date, our principal production equipment was properly maintained and in good working order, and we did not foresee the need to replace any significant items due to expiry of useful life in the near term. For accounting policies relating to depreciation of machinery and equipment, please refer to "Financial Information – Critical Accounting Policies and Estimates" in this document.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material interruptions to production attributable to facility or equipment failure or malfunction, and no major accidents occurred.

OUR LOGISTICS AND SUPPLY CHAIN MANAGEMENT

Warehousing and Logistics

During the Track Record Period, our warehousing needs were primarily met through self-managed storage facilities. Our warehouses are located close to our production facilities, which helps shorten delivery lead times and support timely fulfilment of orders. As of the Latest Practicable Date, our warehousing footprint comprised five self-operated warehouses with an aggregate gross floor area of approximately 7,676 sq.m.

We generally engage qualified third-party logistics service providers to deliver products to customer-designated locations. Service providers are selected and periodically evaluated based on qualifications, on-time performance, geographic coverage and quotation. Our logistics arrangements allow us to provide responsive delivery while reducing fixed asset intensity and mitigating transportation risks. Unless otherwise agreed, the risk of loss or damage to goods in transit is allocated in accordance with the applicable contract terms. To the best of our knowledge, during the Track Record Period we did not experience any material disruption in product deliveries or incur material losses relating to transportation delays or improper handling.

Inventory Management

To enhance inventory management and internal control, we have established comprehensive policies and procedures to regulate the storage, handling and movement of our inventories. Our warehouse, finance, production management, quality control and relevant operational departments jointly participate in and are responsible for inventory management.

We have implemented standardized procedures governing the inbound and outbound of various categories of inventories, including raw materials, work-in-progress, fixtures, spare parts, consumables, finished goods and office supplies. For inbound inventories, our warehouse personnel conduct unloading, scanning, inspection and acceptance procedures, and arrange for return or replacement in the event of any damage or discrepancies. For outbound inventories, production departments submit material requisition requests, and deliveries are arranged by the warehouse upon internal approval.

Our warehouse personnel conduct regular inventory inspections on a monthly basis to ensure the safety, integrity and quality of inventories. In addition, our finance department organizes comprehensive physical inventory counts at least annually, and recognized any inventory discrepancies identified in profit or loss for the relevant financial period.

We utilize a Business Information Planning (BIP) system to support material planning, warehouse operations and product traceability, which provides management with near real-time visibility into inventory status and movements across our sites. We believe that maintaining appropriate inventory levels helps ensure stable production and timely delivery without placing undue pressure on our liquidity.

As of December 31, 2023, 2024 and 2025, and April 30, 2026, the balances of our inventories were RMB122.2 million, RMB205.0 million, RMB256.2 million and RMB339.4 million, respectively. During the Track Record Period, the amount of inventory write-down was RMB7.4 million, RMB11.0 million, RMB10.0 million and RMB14.1 million for 2023, 2024, 2025, and the four months ended April 30, 2026, respectively. For discussion of inventory turnover metrics, please refer to "Financial Information – Discussion of Certain Key Items of Consolidated Statements of Financial Position – Inventories."

QUALITY CONTROL

We have established a comprehensive quality control system and obtained multiple quality-related management system certifications. As of April 30, 2026, we had obtained various quality management system certifications and other related qualifications. For details, please see " – Licenses, Approvals and Permits".

To implement our quality management system in daily operations, we have formulated internal normative documents such as the *Inspection and Test Control Procedure* and the *Non-conformity Control Procedure*. Under these procedures, the quality management department, process engineering department, production management department and manufacturing department jointly implement quality-control measures and inspection processes at each stage from development to mass production and delivery. We organize production strictly in accordance with product standards and production technical standards and carry out quality management and quality control in accordance with these standards to ensure that our products meet customer quality requirements.

Our inspection and testing activities are organized under a group-wide quality management framework covering the full product lifecycle, from incoming materials to mass production and shipment. In accordance with our internal inspection and test control procedures, we carry out planned inspections and tests on key stages of production, including incoming materials, in-process manufacturing and finished goods, with reference to applicable national and industry standards. Through this process-oriented quality control mechanism, we seek to ensure that only products meeting our internal quality requirements are released for delivery to customers.

We have also established standardized procedures for the identification, segregation and handling of non-conforming materials and products. Once a potential quality issue is detected, the relevant items are promptly isolated and traced, and our quality and production teams organize cross-functional analysis to confirm the issue, identify root causes and formulate corrective and preventive measures. Depending on the severity and potential impact, matters may be escalated to senior management for decision-making, and in the case of material defects that may affect customer product quality, shipments are suspended and the affected customers are notified through our business team to agree on appropriate remedial arrangements. By embedding these closed-loop handling and continual-improvement mechanisms into our daily operations, we aim to prevent non-conforming products from being delivered to customers and to drive ongoing enhancement of our overall product quality.

During the Track Record Period, we did not experience any material quality disputes or claims arising from product quality issues that had a material adverse impact on our business operations.

WARRANTY

Product Returns

We accept product returns in accordance with contractual arrangements and internal policies. Our product returns contractual terms typically include: (i) eligibility, pursuant to which customers are entitled to return products where the products are found to be defective, non-conforming to agreed specifications, or excess-delivered; (ii) remedies, pursuant to which we shall repair or replace the relevant defective products within a reasonable period after the initiation of return; (iii) indemnification and set-off, pursuant to which we shall compensate customers for losses arising from non-conforming products and customers may set off such losses against payable amounts; and (iv) quality dispute resolution, pursuant to which quality disputes may be referred to a designated third-party testing institution. During the Track Record Period, the amount of product returns was RMB0.3 million, RMB0.2 million, RMB0.1 million and RMB18,000 in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. According to our internal policies, upon receipt of a return request, we will conduct verification and quality inspection procedures to determine the nature of the issues. Depending on the assessment results, customers may proceed to deliver the products back to us subject to our internal approval process. If the products are approved to be returned, the relevant department confirms the quantity of the returned products and the return shipment date with customers. Returns attributable to improper use, storage or transportation by customers are handled in accordance with relevant contractual terms.

Warranty Services

We provide warranty services for our products in accordance with contractual arrangements and internal policies. Our contractual terms with respect to warranty typically include: (i) warranty period, pursuant to which we provide a warranty period as agreed by both parties from the date of acceptance; (ii) coverage, which extends to defects in materials, design, workmanship and specifications under normal conditions of use, but excludes damage arising from improper handling, unauthorized modification, or normal wear and tear; and (iii) remedies, under which we are obligated to repair or replace defective products within the warranty period at no additional cost to the customer. According to our internal policies, upon receipt of warranty claims, relevant departments will conduct inspection, testing and evaluation procedures to identify the causes of defects. For products confirmed to be covered under warranty, we will arrange for repair, replacement or other remedial actions in accordance with internal procedures. We have established standardized internal workflows to ensure timely and effective handling of warranty cases.

OUR INFORMATION TECHNOLOGY

We regard a robust IT backbone as essential to operational efficiency, quality control and internal governance. During the Track Record Period, we deployed a unified suite of core systems across the Group and its subsidiaries to support end-to-end processes from order intake to production and delivery, including (i) a Business Information Planning (BIP) system for integrating operational data with finance and cost accounting, (ii) a Manufacturing Execution System (MES) for shop-floor scheduling, work-order execution, WIP tracking and real-time production data capture, (iii) a Quality Information System (QIS) for inspection records, non-conformance management and CAPA with release/hold controls interfaced to inventory status, and (iv) a Product Lifecycle Management (PLM) platform managing product data and documentation across the lifecycle. We operate these systems on a unified Group instance with basic access controls and backup and recovery arrangements to facilitate consistent master data and consolidated reporting. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, we did not experience any system incident that had a material adverse impact on our overall business operations.

OUR SUPPLIERS

We maintain a stable and diversified supplier network to support the design, development and manufacture of our imaging and non-imaging motor products. We primarily procure raw materials, including precision injection-molded parts such as bases, brackets and carriers, magnets, housings, spring plates, and other auxiliary consumables, as well as workforce services. During the Track Record Period, substantially all of our suppliers were located in China. In general, we settle with our suppliers by bank transfer or bank acceptance bills.

We operate a qualified-supplier system and multi-sourcing strategy for key materials to strengthen supply stability and cost competitiveness. We follow standardized procedures to evaluate suppliers based on factors such as production capability, quality, delivery performance and cost. These measures are designed to ensure consistent quality and reliable, timely supply for our mass-production programs.

Purchases from our largest supplier for the years/periods ended December 31, 2023, 2024 and 2025, and the four months ended April 30, 2026, accounted for 16.9%, 14.0%, 12.6% and 11.2% of our total purchase amount for the respective periods. Purchases from our five largest suppliers for the same periods accounted for 49.9%, 47.2%, 36.5% and 36.0% of our total purchases, respectively.

The following tables set forth details of our top five suppliers in each year/period during the Track Record Period:

Suppliers	Major products/services provided to us	Year of commencement of business relationship with us	Credit terms	Purchase amount by us	Percentage of the total purchases
				RMB'000	*%*
For the Year Ended December 31, 2023					
Supplier A[(1)]	Raw materials including base plates, carriers, brackets, etc.	2018	120 days	135,186	16.9
Supplier B[(2)]	Raw materials including base plates, brackets, carriers, flexible printed circuit (FPC) and coils, etc.	2022	90 days	73,223	9.1
Supplier C[(3)]	Raw materials including soft boards, FPC and coils, etc.	2021	90-120 days	70,018	8.7
Supplier D[(4)]	Workforce services including labor services[(7)]	2022	30 days	68,533	8.6
Supplier E[(5)]	Raw materials including FPC and printed circuit board (PCB)	2022	90 days	52,848	6.6
Total				**399,808**	**49.9**

Suppliers	Products/services provided to us	Year of commencement of business relationship with us	Credit terms	Purchase amount by us	Percentage of the total purchases
				RMB'000	*%*
For the Year Ended December 31, 2024					
Supplier B	Raw materials including base plates, brackets, carriers, FPC and coils, etc.	2022	90 days	200,885	14.0
Supplier D	Workforce services including labor services[(7)]	2022	30 days	152,593	10.6
Supplier A	Raw materials including base plates, carriers, brackets, etc.	2018	120 days	129,445	9.0
Supplier F[(6)]	Raw materials including brackets, carriers, base plates, OIS frames, etc.	2021	90 days	118,679	8.3
Supplier C	Raw materials including FPC and coils, etc.	2021	90-120 days	76,360	5.3
Total				**677,962**	**47.2**

Suppliers	Products/services provided to us	Year of commencement of business relationship with us	Credit terms	Purchase amount by us	Percentage of the total purchases
				RMB'000	*%*
For the Year Ended December 31, 2025					
Supplier B	Raw materials including base plates, brackets, FPC and coils, etc.	2022	90 days	222,425	12.6
Supplier C	Raw materials including FPC and coils, etc.	2021	90-120 days	126,797	7.2
Supplier A	Raw materials including base plates, brackets, carriers, etc.	2018	120 days	107,264	6.1
Supplier D	Workforce services including labor services[8]	2022	30 days	101,156	5.7
Supplier F	Raw materials including OIS frames, base plates, carriers and brackets, etc.	2021	90 days	86,002	4.9
Total				**643,644**	**36.5**

Suppliers	Products/services provided to us	Year of commencement of business relationship with us	Credit terms	Purchase amount by us	Percentage of the total purchases
				RMB'000	*%*
For the Four Months Ended April 30, 2026					
Supplier B	Raw materials including base plates, brackets, FPC and coils, etc.	2022	90 days	72,726	11.2
Supplier F	Raw materials including OIS frames, base plates, carriers and brackets, etc.	2021	90 days	46,761	7.2
Supplier A	Raw materials including base plates, brackets, carriers, etc.	2018	120 days	45,431	7.0
Supplier C	Raw materials including FPC and coils, etc.	2021	90-120 days	41,551	6.4
Supplier G[7]	Workforce services including labor services[8]	2024	30 days	27,133	4.2
Total				**233,602**	**36.0**

(1) Supplier A is a company incorporated in the PRC, principally engaged in design and manufacturing electronic components, injection molded parts, insert molding and other products, which is listed on the Shanghai Stock Exchange.

(2) Supplier B is a company incorporated in the PRC, principally engaged in the design and development of precision instrument products, mold design and fabrication, injection molding, as well as product assembly and packaging design.

(3) Supplier C is a company incorporated in the PRC, principally engaged in the manufacture of electronic components.

(4) Supplier D is a company incorporated in the PRC, principally engaged in the provision of comprehensive workforce solutions.

(5) Supplier E is a company incorporated in the PRC, principally engaged in the research, development, production and sale of printed circuit boards for use in computers, communications and other electronic equipment.

(6) Supplier F is a company incorporated in the PRC, principally engaged in the manufacturing of electronic components.

(7) Supplier G is a company incorporated in the PRC, principally engaged in the provision of comprehensive workforce solutions.

(8) During the Track Record Period, we engaged Supplier D and Supplier G to provide workforce services mainly for certain manufacturing and supporting procedures, including assembly and insertion, bonding and welding, surface treatment and cleaning, quality inspection and testing, as well as certain specialized processing and marking. These services were primarily used to supplement our manpower on a temporary or project basis and to enhance operational flexibility in response to fluctuations in production demand. Both Supplier D and Supplier G are independently responsible for recruitment, personnel management, wage payments and statutory social insurance contributions. We pay service fees based on actual completed quantity. According to Frost &Sullivan, industry participants typically engage third-party service providers to achieve greater flexibility in capacity management because the industry is characterized by fluctuating production cycles driven by downstream consumer electronics demand, production schedules and seasonality, as well as maintaining a fully in-house workforce for peak production requirements may result in underutilization during off-peak periods. During the Track Record Period, the number of personnel arranged by Supplier D and Supplier G to provide services to us as of December 31, 2023, 2024 and 2025, and April 30, 2026, amounted to 1,341, 1,628, 1,886 and 1,823, respectively, representing approximately 66.0%, 38.6%, 41.2%, and 43.2% of the aggregate number of our in-house employees and workforce services staff provided by Supplier D and Supplier G as of the same dates, respectively.

As advised by our PRC legal advisor, according to applicable PRC laws, when we procure workforce services from Supplier D and Supplier G, a contractual relationship rather than an employment relationship is established between them and us. Such arrangements are governed by the PRC Civil Code and do not fall under the provisions of labor-related laws and regulations such as the PRC Labor Law or the PRC Labor Contract Law. In addition, as advised by PRC Legal Advisor, such arrangements do not constitute any use of dispatched workers by us, and the relevant rules governing labor dispatch shall not apply. The contracts between us and Supplier D and Supplier G comply with the applicable laws and regulations. Pursuant to the respective contracts entered into between us and Supplier D and Supplier G, they are required to comply with the Labour Contract Law, establish lawful employment relationships with the staff members engaged in performing the relevant services, and enter into labour contracts with such staff members. In the event that Supplier D or Supplier G breaches the aforesaid obligations, we are entitled to (i) order the breaching supplier to rectify such breach; (ii) unilaterally terminate the contract; and (iii) require the breaching supplier to pay liquidated damages and compensation. As advised by PRC Legal Advisor, the contracts between us and Supplier D and Supplier G are legally binding and enforceable, based on the aforesaid contractual provisions and the applicable PRC laws and regulations, should the relationship between Supplier D or Supplier G and their respective staff members violate the labour-related laws and regulations, the associated risks shall be borne solely by Supplier D and Supplier G, and would not result in the Company being exposed to any material risks or adverse effects.

Based on (i) written confirmation from Supplier D and Supplier G, (ii) our PRC Legal Advisor's sample review of employment agreements between Supplier D and Supplier G and their respective employees, (iii) our PRC Legal Advisor's sample review of the salary payment records of Supplier D and Supplier G, (iv) credit reports of Supplier D and Supplier G indicating no illegal records in respect of labour and employment, and (v) public searches, our PRC Legal Advisor is of the view that the workforce services provided by Supplier D and Supplier G and the employment relationships between the staff members and Supplier D and Supplier G during their cooperation with the Company have been in compliance with PRC labour laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Under the respective service agreements between the Company and Supplier D and Supplier G, the Company has the right to review the employment agreements, salary payment records, identity documents of their respective employees. During the Track Record Period, the Company generally performed such sample reviews from time to time.

As we procured raw materials and certain services from a relatively small number of suppliers, we are subject to supplier concentration risk. For related risk, please see "Risk Factors – Risks Relating to Our Business and Industry – Our dependence on a relatively limited number of suppliers for key components and materials and termination of business relationship by our suppliers could result in supply disruptions and prevent us from delivering our products in a timely manner to our customers in the required quantities."

During the Track Record Period, our procurement activities remained stable and aligned with our operational needs. We have established long-term and stable relationships with our major suppliers, and none of our raw materials were subject to material supply disruption. During the Track Record Period, we never experience any shortage of raw materials.

We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any disruption to our business as a result of any significant supply shortage or delay. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year/period were Independent Third Parties.

Agreements with Suppliers

Set forth below is a summary of key terms with our suppliers:

Key Terms	Descriptions
Duration and renewal	The duration of the supply agreements is generally one year, with automatic renewal for one additional year unless a written notice of non-renewal is provided at least two months prior to the expiry date.
Product specification	The product specifications are determined in accordance with the applicable Quality Guarantee Agreement entered into by the parties and the acceptance standards specified in each purchase order.
Pricing	The price is determined through negotiation between both parties and finalized in each individual purchase order.
Minimum purchase requirements	There is no mandatory minimum purchase requirement.
Payment and credit term	Payment shall be made in accordance with the method agreed in each purchase order after the goods have passed inspection and been accepted, with the payment term approximately 30 to 120 days from the date of successful delivery and quality verification.
Logistics	Unless otherwise agreed, the supplier is required to deliver the equipment and/or parts we purchased to locations designated by us.

Key Terms	Descriptions
Return arrangements	We may reject and return non-conforming, defective, or damaged goods without prior inspection, the suppliers shall replace such goods at its own cost.
Termination	Unilateral termination during the term is permitted only in the event of a material breach, including, the issuance of dishonored bills or checks; cessation of business or revocation of a business license by enforcement authorities; seizure by a third party that materially affects performance of this contract; insolvency; a decision to dissolve or merge; or failure to cure a breach of this contract within the period specified in a written notice.

During the Track Record Period and up to the Latest Practicable Date, save as the dispute disclosed in the subsection headed "– Legal Proceedings and Compliance – Legal Proceedings," we did not experience any material breaches of agreements between us and the suppliers.

Supply Chain Management

During the Track Record Period, our raw materials were primarily sourced from China. We adopt a comprehensive supplier admission, assessment and exit mechanism. Our primary supplier selection criteria include product quality and reliability, technological capability, delivery performance, supply capacity, cost competitiveness, and overall operational scale. Upon receiving new procurement requirements, we conduct an internal assessment and organize site visits involving quality, R&D and engineering teams. Only suppliers that pass our evaluation process may be introduced into our supply chain.

We conduct periodic assessments of our approved suppliers' performance. For major material categories, we generally maintain two or more qualified suppliers to ensure supply chain resilience. Actual allocation of procurement volume among approved suppliers is determined based on production requirements, order peaks and supplier performance. In cases of small-volume or project-specific procurement, we may select a single supplier for efficiency.

We have in place a supplier quality monitoring system, including periodic performance reviews, incoming quality inspections, supplier scorecards, and a structured supplier elimination mechanism. We do not allow suppliers to collect payments through third parties. We typically enter into framework procurement agreements with our suppliers, under which quality requirements, delivery terms, warranty arrangements and return/repair mechanisms are defined. No minimum purchase volume commitments are normally included in such agreements. During the Track Record Period, we did not experience material fluctuations of raw material prices.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each year of the Track Record Period also acted as our suppliers, or vice versa, including:

OFILM was one of our five largest customers and also one of our suppliers in 2023, 2024 and 2025, and the four months ended April 30, 2026. During the same periods, we purchased a small amount of lenses, automation equipment and other items from OFILM for testing purposes and also provided motors to it.

Supplier A, Supplier B, Supplier C were among our five largest suppliers in 2023, 2024 and 2025, and the four months ended April 30, 2026, from which we primarily purchased raw materials including precision injection-molded parts and printed circuit boards. Leveraging our industry resources, we also supplied raw materials, mainly integrated circuits, to these companies. Leveraging our accumulated supply chain resources to ensure stable supply of certain electronic components with long procurement lead

times and subject to original manufacturer allocation management, we centrally procured the relevant raw materials and arranged for their onward sales solely for use in the production of products commissioned by us. Given our role in such transactions, we primarily provided procurement coordination services, instead of obtaining control of such raw materials, therefore, we accounted for the relevant revenue on a net basis under IFRS 15. Supplier A was one of our customers in 2023, 2025 and the four months ended April 30, 2026, Supplier C was one of our customers in 2025 and the four months ended April 30, 2026, Supplier B was one of our customers in 2023, 2024 and the four months ended April 30, 2026.

The following table sets forth the breakdown of our revenue generated from and purchase amount paid to our overlapping customers and suppliers, which was among either our five largest customers or suppliers during the Track Record Period, for the periods indicated:

	Year ended December 31,									Four Months Ended April 30,		
	2023			2024			2025			2026		
	Revenue	Purchase	Gross Profit Margin[1]	Revenue	Purchase	Gross Profit Margin[1]	Revenue	Purchase	Gross Profit Margin[1]	Revenue	Purchase	Gross Profit Margin[1]
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
OFILM	324,005	2,452	7.1	431,854	101	13.9	594,381	2,513	10.5	289,777	12	12.3
Supplier A	68	135,186	100.0	–	129,445	Nil	1,162	107,264	100.0	943	45,431	100.0
Supplier B	40	73,223	100.0	58	200,885	100.0	–	222,425	Nil	755	72,726	100.0
Supplier C	–	70,018	Nil	–	76,360	Nil	1,367	126,797	100.0	1,249	41,551	100.0

Note:

(1) The gross profit margin herein refers to the margin derived from our sales to the relevant overlapping customers and suppliers. The gross profit margin of 100% in this table was primarily attributable to the net basis presentation. The 100% gross profit margin was purely an accounting presentation result arising from the net method of revenue recognition and did not reflect the actual profitability of the underlying transactions. Under such presentation, revenue only represented the difference between the resale price and the procurement cost of the chips, while the corresponding raw materials procurement cost was netted off against the relevant resale amount and no cost of sales was recorded, such that any residual amount presented as revenue would mechanically result in a gross profit margin of 100%. Leveraging our industry resources, we supplied raw materials, primarily integrated circuits, to these companies.

According to Frost & Sullivan, it is common to have overlapping customers and suppliers in the micro motor industry, mainly due to the multi-tier and integrated nature of the consumer electronics supply chain and the diversified business scope of certain major industry participants, who may purchase products from motor providers while also supplying certain materials, components or services to them. Our purchases from and sales to such overlapping customers and suppliers were separate processes and took place at different stages of the industry value chain, and were conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

INTELLECTUAL PROPERTIES

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a portfolio of intellectual property rights, including patents, registered trademarks, copyrights and domain names in the PRC and overseas. As of the Latest Practicable Date, we held 66 registered patents which we consider to be, or may be, material to our business, including 63 registered in China, two in Japan and one in the United States. As of the same date, we also held 28 registered trademarks, one copyright and two domain names in China, which we consider to be, or may be, material to our business. Please see "Appendix IV Statutory and General Information – Further Information about Our Group – Intellectual Property Rights of Our Group" in this document for more information.

We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights. We have adopted internal rules and procedures for intellectual property management that set out employee obligations, govern invention disclosure and filing decisions, and establish reporting mechanisms to protect proprietary information. Our legal department is primarily responsible for protecting our intellectual property portfolio. We have entered into confidentiality agreements with employees who may have access to our core technologies, including project-specific confidentiality agreements and contractual confidentiality arrangements. We have also included intellectual property protection clauses in our employment arrangements, pursuant to which intellectual property created by employees in the course of their employment belongs to us. In addition, we have entered into non-competition agreements with certain key employees.

Despite our efforts, we may be subject to risks associated with alleged infringement of third parties' intellectual property rights, or infringement of our intellectual property rights by third parties. Please see "Risk Factors – Risks Relating to Our Business and Industry – We may not be able to obtain or maintain adequate intellectual property rights protection for our core technologies and other trade secrets, which could adversely impact our business, financial performance and results of operations." in this document. During the Track Record Period and up to the Latest Practicable Date, we had not identified breaches of our intellectual property rights which, viewed alone or in the aggregate, had a material impact on our business, results of operations or financial condition, nor had we had any material dispute or legal proceeding concerning intellectual property rights with third parties.

COMPETITION

According to Frost & Sullivan, the imaging motor market exhibits a relatively concentrated competitive landscape, with the top ten manufacturers collectively holding a majority of the market share. In 2024, the top ten manufacturers collectively accounted for approximately 57.0% of the global market share and 75.0% of the market share in China. While Japanese and South Korean enterprises continue to be key players in the global market, the industry is witnessing an acceleration of domestic substitution. Leading domestic manufacturers, including our Group, have established strong competitive advantages through technological breakthroughs, gradually eroding the historical dominance of overseas brands.

Competition in the industry is primarily driven by high technical barriers, patent constraints, and rigorous customer certification cycles. These factors favor established leaders that possess comprehensive product portfolios and high-consistency mass production capabilities. By continuously investing in R&D and diversifying into both mobile and non-mobile applications, leading market participants have secured stable customer bases and entered the supply chains of world-leading brand manufacturers, creating a significant gap between themselves and smaller competitors.

OUR PROPERTIES

Owned Properties

As of the Latest Practicable Date, we occupied one parcel of land in Japan used as R&D center, totaling approximately 999.2 sq.m. in site area. This property is utilized exclusively for non-property activities, as defined under Rule 5.01(2) of the Listing Rules.

Leased Properties

As of the Latest Practicable Date, we leased a total of 18 properties within the PRC, primarily for office use, warehouses, staff dormitories, and factories, with a combined floor area of approximately 91,671.9 square meters.

According to the 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 registered our rental agreements for four leased properties in China with the competent authorities. As advised by our PRC Legal Advisors, the absence of registrations will not affect the validity of the lease agreements, nor

materially and adversely affect the operations of our Company and our subsidiaries. For related risks, please see "Risk Factors – Risks Relating to Our Business and Industry – We may be subject to fines for failure to register some of our leases". As of the Latest Practicable Date, we were not exposed to any circumstance where the loss of any single owned or leased property would have material adverse impact on our business operations.

EMPLOYEES

As of December 31, 2023 and 2024 and 2025, and April 30, 2026, we had 692, 2,593, 2,695 and 2,399 full-time employees, respectively. 98.4%, 99.5%, 99.5% and 99.3% of our employees were based in China. The following table sets forth the number of our employees categorized by function and percentage of our total number of employees as of April 30, 2026:

Function	Number of Employees	% of Total
Production	1,224	51.0
Quality Control	372	15.5
R&D	352	14.7
Sales	20	0.8
Others	431	18.0
Total	**2,399**	**100.0%**

We place a strong emphasis on attracting, retaining, and developing qualified employees. During the Track Record Period, we primarily recruited staff through on-site job fairs and recruitment websites. We offer competitive remuneration packages, including salaries, allowances, and performance-based incentives, supported by an annual performance evaluation system that informs salary levels, bonuses, and promotions. We also provide employee with on-the-job training to improve their understanding of industry standard, their professional skills and overall performance. We enter into standard labor contracts with our employees, along with confidentiality and non-compete agreements for key personnel. We believe that we maintain a good working relationship with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period.

As required under PRC labor laws, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments. For related risk, please see "Risk Factors – Risks Relating to Our Business and Industry – Failure to pay social insurance and housing provident funds for our employees in accordance with applicable laws and regulations may subject us to penalties".

DATA PRIVACY AND CYBERSECURITY

Data privacy and cybersecurity have become key governance priorities, with PRC authorities continuing to introduce new laws and regulations in this area recently, which may subject our data collection, processing and transfer practices to increased administrative scrutiny. See "Risk Factors – Risks Relating to Our Business and Industry – Our technology infrastructure may experience unexpected system failures, interruptions, inadequacies, security breaches or cyber-attacks." We collect operational data from store business, management and transaction, including data relating to our customers, suppliers and other relevant parties. We generally do not collect or process individual customers' personal information. We have established a data compliance system comprising internal policies, organizational measures, employee training, and data encryption, backup and recovery arrangements to minimize the risk of data loss.

SEASONALITY

Our results of operations are subject to seasonality, primarily reflecting smartphone launch cycles and major retail promotion periods, with imaging-related shipments generally higher in the second half of the year, although the extent of such seasonality may vary depending on product release schedules and market conditions. In particular, demand typically increases around new product launches and peak promotional periods, including October, November, Christmas and the New Year, while production scheduling may be slightly adverse affected by the Chinese New Year holiday in the first quarter. As a result, our financial performance is generally stronger in the second half of the year.

INSURANCE

We provide social security insurance for our employees. We consider our insurance coverage to be sufficient for our business operations in China. In line with general market practice, we do not maintain any business interruption insurance or key-man life insurance, which are not mandatory under PRC Laws. Please see "Risk Factors – Risks Relating to Our Business and Industry – We may not have adequate insurance coverage to fully protect us against potential liability or losses. Consequently, our business, financial performance and results of operation may be materially and adversely affected should any such liability or losses arise." During the Track Record Period, we did not make any material insurance claims in relation to our business.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all the requisite licenses, permits and approvals from relevant authorities that are material to our operations, and such licenses, permits and approvals are still valid and in force. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. We believe there is no material legal impediment to renewing such permits, licenses or approvals.

The following table sets out a list of licenses, permits and approvals that are material to our operations as of the Latest Practicable Date:

Holder	Name of License/Permit	Issue Date	Expiration Date
New Shicoh	Environmental Management System Certification ISO 14001:2015	December 10, 2024	July 27, 2026
New Shicoh	Occupational Health and Safety Management System Certification ISO 45001:2018	September 12, 2025	September 11, 2028
New Shicoh	IECQ Certificate of Conformity for Hazardous Substance Process Management IECQ QC080000:2017	September 24, 2024	May 6, 2027

AWARDS AND RECOGNITION

We received a number of awards and recognitions in connection with our business and set forth below are some of the material awards and recognitions we had received as of the Latest Practicable Date:

Award/Recognition	Award Date	Awarding Institution/Authority
National Key "Little Giant" Enterprise (Specialized, Refined, Distinctive and Innovative)	2024	Ministry of Industry and Information Technology of the PRC

Award/Recognition	Award Date	Awarding Institution/Authority
National High-tech Enterprise Certificate	2023	Department of Science and Technology of Zhejiang Province; Department of Finance of Zhejiang Province; Zhejiang Provincial State Taxation Bureau; Zhejiang Provincial Local Taxation Bureau
Zhejiang "Science and Technology Little Giant" Enterprise	2023	Department of Science and Technology of Zhejiang Province
Key Enterprise Research Institute of Zhejiang Province	2023	Department of Science and Technology of Zhejiang Province
National "Little Giant" Enterprise (Specialized, Refined, Distinctive and Innovative)	2022	Ministry of Industry and Information Technology of the PRC
Specialized, Refined, Distinctive and Innovative Small and Medium-sized Enterprise of Zhejiang Province	2021	Department of Economy and Information Technology of Zhejiang Province
First Batch of Cloud-based Manufacturing Enterprises of Zhejiang Province	2021	Department of Economy and Information Technology of Zhejiang Province
Provincial Manufacturing Single Champion Cultivation Enterprise	2021	Department of Economy and Information Technology of Zhejiang Province
Zhejiang Provincial High-tech Enterprise Research and Development Center	2020	Department of Science and Technology of Zhejiang Province

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Our commitment to technological innovation in precision micro motors is fundamentally linked to our dedication to sustainable and responsible growth, guided by our corporate vision to become a world-leading manufacturer and our operating philosophy that "Thinking Leads the Future, Innovation Achieves Dreams." We plan to actively contribute to societal well-being by developing and manufacturing cutting-edge, high-efficiency motors that empower our clients to reduce energy consumption and drive the sustainable development of a low-carbon economy.

ESG Governance and Management Framework

We recognize that our business is and will be affected by ESG-related risks and opportunities, and we are therefore establishing and continually optimizing our ESG governance and risk management system. The Board of Directors (the "**Board**") bears ultimate responsibility for our ESG strategy, governance, and performance.

Governance Structure

The Board sets our Group's strategic direction and is responsible for evaluating and determining the Company's ESG-related risks, ensuring the establishment and maintenance of appropriate and effective ESG risk management and internal control system. The Board will adopt the following approach to manage material ESG issues:

Identify	–	Engage internal and external stakeholders (including, but not limited to, shareholders/investors, the management and employees, customers, business partners, suppliers, regulatory authorities, and community/non-governmental organizations) to identify material ESG issues.
Strategic Planning	–	Follow the principle of "double materiality," benchmarking against industry standards (e.g., SASB/GRI), monitoring regulatory trends, and engaging with key stakeholders.
Assess	–	The ESG Secretariat, headed by the Company Secretary, coordinates daily liaison, organizes meetings, implements ESG Management Committee directives, and advances ESG policy implementation. ESG Working Groups execute specific ESG topics, monitor progress, and collect performance data.
Review	–	The ESG Management Committee assesses overall ESG performance, provides recommendations, reviews the ESG Report for compliance with listing rules, and submits it to the Board for final approval. Metrics and progress against goals are reviewed to guide improved performance.

To steer our sustainability agenda, the Board has authorized a three-tier ESG management structure: the ESG Management Committee (executive body), the ESG Secretariat, and ESG Working Groups. The ESG Management Committee identifies and manages significant ESG-related risks and opportunities, reviews ESG goals and annual work plans, and approves the ESG report. The ESG Secretariat supports daily coordination. Administration & Human Resources currently undertakes environmental and occupational health and safety responsibilities; we are building more integrated management systems.

Currently, Director remuneration does not incorporate ESG-specific metrics, but the Board will consider integrating ESG considerations into the broader evaluation framework.

Climate-Related Risks and Opportunities

As a precision motor manufacturing group with operations in China and Japan, we recognize that climate-related factors present both risks and opportunities to our operational resilience, cost structure, and market competitiveness. These stem from direct physical threats to our manufacturing and R&D sites, as well as the broader transition towards a low-carbon economy. They include potential disruptions to our production infrastructure and complex supply chains, alongside evolving regulations, technological standards, and stakeholder expectations. Proactively managing this landscape is essential to safeguarding our assets, ensuring compliance, and creating long-term value. The climate-related risks and opportunities for our Group are discussed below.

Physical Risks

Our business depends on a network of manufacturing facilities and R&D centers located in China, as well as a subsidiary in Japan. This geographical footprint makes us vulnerable to climate-related physical risks, including increased severity and frequency of acute extreme weather events such as earthquake, typhoons and floods, as well as longer-term chronic shifts like rising average temperatures.

- **Disruptions in infrastructure** – Extreme weather could damage plants and laboratories, disrupt energy and water supplies, halt production, and cause costly downtime and asset impairment.

- **Interruptions to supply chain** – Climate events can disrupt supplier operations and logistics, delaying delivery of raw materials (metals, magnets, electronic components) and specialized equipment.

- **Rising temperatures** – Higher temperatures increase cooling demand for production equipment and facility climate control, raising operational energy costs and challenging precision engineering conditions.

Transition Risks

The global and national focus on climate change and sustainability brings forth transition risks that impact the manufacturing sector and our operations. As stakeholder awareness grows, we recognize that environmental responsibility is increasingly factored into procurement, investment, and partnership decisions. Proactively managing these risks and demonstrating performance is therefore critical to maintaining our competitive position and reputation.

- **Policy and legal changes** – Stricter emissions standards, energy efficiency benchmarks for motor products, and potential regulations on energy intensity could affect product design.

- **Market** – Customers in consumer electronics, automotive, and industrial automation increasingly incorporate ESG criteria into supplier selection. Failure to demonstrate strong environmental credentials could result in competitive disadvantages. Energy price volatility directly impacts operating expenses.

- **Reputation** – As investors, partners, and clients prioritize sustainability, a perceived lag in environmental stewardship or climate risk management could lead to reputational damage, affecting brand value and stakeholder trust.

- **Technology** – Adoption of sustainable technologies (high-efficiency equipment, energy management systems) requires capital investment and integration planning.

Mitigation of Physical and Transition Risks

To mitigate physical risks, we employ business continuity planning, reinforce critical infrastructure, diversify supplier bases where feasible, and maintain strategic inventory of key components to minimize downtime and restore operations swiftly.

For transition risks, the ESG Management Committee proactively monitors the regulatory landscape. We invest in energy efficiency measures (compressed air waste heat recovery, LED lighting) and accelerate product innovation toward high-efficiency motors, exploring green supply chain partnerships to future-proof our business model.

Environmental Policies

We regard green development as a priority for our business growth and continually strive for innovation in both production and management to instill the concept of sustainable development throughout our operations. We comply with environmental laws and regulations governing the management of hazardous materials in our manufacturing process, including their use, storage, discharge and disposal. These include, but are not limited to, laws and regulations in the following highlighted aspects: (i) general environmental protection, which includes Environmental Protection Law of the PRC (2014, Order No. 9 of the President), Environmental Impact Assessment Law of the People's Republic of China (1997) and Regulations on the Administration of Construction Project Environmental Protection; (ii) atmospheric and climate Protection, which includes Law of the PRC on the Prevention and Control of Atmospheric Pollution (2018), and General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises (GB/T 32150-2015); (iii)water protection, which includes Water Law of the PRC (2002), Water Pollution Prevention and Control Law of the PRC (2017), Regulation on Urban Drainage and Sewage Treatment (Decree No. 641 of the State Council), Regulation on Groundwater Management (Decree No. 748 of the State Council), Regulations on the Administration of Pollutant Discharge Permits (2021), A classification administration list of pollutant discharge permitting

for fixed pollution sources (2019) and Standards for Drinking Water Quality (GB 5749-2022); (iv) soil and land protection, which includes Soil Pollution Prevention and Control Law of the PRC (2019, Order No. 8 of the President), Soil Environmental Quality – Risk Control Standard for Soil Contamination of Development Land (On Trial) (GV 36600-2018), and Management Measures for Soil Environment of Industrial and Mining Land (On Trial) (2018); (v) waste management, which includes Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (2020), Administrative Measures for Hazardous Waste Transfer (2021), National Directory of Hazardous Wastes (2025), Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023) and Regulation on the Administration of Permitting of Pollutant Discharges (Decree No. 736 of the State Council); (vi) energy conservation and management, which includes Energy Conservation Law of the PRC (2018), Renewable Energy Law of the PRC (2009) and Energy Law of the PRC (2024).

Furthermore, our operations and sustainability commitments are guided by adherence to all applicable local laws. In Japan, our compliance framework includes, but is not limited to, the following key legislation: Basic Environment Law, Law No. 91 of 1993, Environmental Impact Assessment Law, Law No. 81 of 1997, Air Pollution Control Law, Law No. 97 of 1968, Water Pollution Control Law, Law No. 138 of 1970 Waste Management and Public Cleansing Law, Law No. 137 of 1970, Law for Promotion of Effective Utilization of Resources, Law No. 48 of 1991 and Soil Contamination Countermeasures Law, Law No. 53 of 2002.

We employ a Compliance Obligations Control Procedure to dynamically identify, acquire, and update applicable environmental laws and regulations. Adherence to these obligations is systematically verified at least annually through a Compliance Evaluation Control Procedure. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws and regulations.

Environmental Management

Our Group's environmental stewardship is guided by our commitment to integrate ecological and environmental protection requirements into our development strategy and corporate governance. This strategic commitment is operationalized through concrete management documents such as the SSCP-6002 Energy Saving Management Implementation Essentials ("**SSCP-6002**") and the SSCH-0009 Solid Waste Management Regulations ("**SSCH-0009**"). We systematically identify and comply with key environmental laws and regulations. Our operational approach prioritizes waste minimization at source. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws and regulations.

Climate Change, Greenhouse Emission, and Waste Management

During the Track Record Period, we established a governance framework guided by a dedicated Climate Change Policy and aligned with national mandates. We have committed to net-zero emissions by 2060.

Key environmental aspects (water, electricity, compressed air) are controlled via ***SSCP-6002***, which defines departmental responsibilities: Administration & Human Resources formulates and supervises energy-saving management. The policy enforces air conditioner temperature standards (summer ≥26°C, winter ≤20°C), shutdown of unused equipment and lighting, independent electricity meters for departmental monitoring, and irregular usage inspections.

SSCH-0009 ensures effective waste control. Waste is strictly categorized into general, recyclable, and hazardous types per the National Hazardous Waste List. Hazardous waste is stored in dedicated isolated warehouses and handled exclusively by licensed third-party contractors. Administration & Human Resources contracts qualified disposal vendors and maintains detailed records (e.g., Hazardous Waste Disposal Record), ensuring 100% compliant disposal.

Energy Efficiency and Emissions Management

In line with China's carbon peaking and carbon neutrality goals, we have developed a systematized management approach through our SB-56 Energy Conservation and Emission Reduction Management Procedure ("**SB-56**") and SSCP-6002. These procedures establish a continuous improvement cycle of "Identify, Measure, Control, Review."

- **Identify** – Administration & Human Resources develops annual energy conservation and emission reduction plans, including targets and performance indicators approved by the General Manager. Key consumption points are identified through regular departmental inspections.

- **Measure** – Independent electricity meters are installed per department; daily meter readings track consumption and investigate anomalies. Monthly quantitative analysis is performed using the *Energy and Resource Consumption Statistical Analysis Table*.

- **Control** – Concrete initiatives mandated by SSCP-6002: mandatory AC temperature standards, shutdown of all unused lighting, office equipment, and production machinery during non-operational hours, and "switch on when using, switch off when not" for compressed air. We invest in technological upgrades (waste heat recovery, LED lighting).

- **Review** – Monthly statistical analyses and irregular inspection results are reported to management for review, validating effectiveness and driving corrective actions.

Significant Impacts on the Environment and Natural Resources

As a manufacturer of precision micro motors, our environmental footprint is primarily associated with energy consumption in production and the use of process materials. We manage these impacts through a framework of documented procedures and a commitment to continuous efficiency gains.

Our primary resource consumption is catalogued and managed as follows:

- **Energy:** Electricity is the dominant energy source, powering production equipment, facility lighting, and HVAC systems across our sites.

- **Process Materials:** Water, carbon dioxide, and nitrogen are utilized in specific motor cleaning.

- **Transportation:** Our company vehicle fleet consumes both gasoline and electricity, with a strategic shift towards increasing the proportion of electric vehicles to reduce emissions.

Also, the Group implements specific recycling and material reuse initiatives across its operations, which demonstrate practical steps toward improving material sustainability. These include recycling certain pink tray covers and trays, with a total recycling ratio of approximately 10% over the four years from 2022 to 2025. In addition, the group recycled 2,213 kilograms of waste motors in 2025 and it is estimated that 50% of the EPE foam liner will be reused in 2026.

In addition, the Group pursues environmental sustainability through several strategic measures, including prioritizing waste minimization at source, developing high-efficiency motors to support energy-saving solutions, collaborating with suppliers on low-carbon materials and service-based models to build a greener value chain, and prioritizing the procurement of degradable and eco-friendly raw materials while implementing technologies to significantly decrease the overall consumption of raw materials and chemicals.

We maintain detailed records (departmental smart meters, monthly consumption analyses) to identify improvement opportunities. Our board-approved target of net-zero emissions by 2060 and ongoing initiatives under ***SSCP-6002***, ***SSCH-0009*** and ***SB-56*** demonstrate our commitment.

Environmental Metrics and Targets

Greenhouse Gas Emissions

The following table shows our greenhouse gas emissions for the periods indicated:

Scope of Greenhouse gas emissions	Emission Sources	2023	2024	2025	Four months ended April 30, 2026
		($tCO_2eq.$)	*($tCO_2eq.$)*	*($tCO_2eq.$)*	*(tCO2eq.)*
Scope 1 emission[1]	Combustion of petrol in mobile sources	76.25	82.56	125.19	27.21
	Combustion of diesel in mobile sources	1.24	1.28	1.49	6.68
	Release of refrigerants from the operation of equipment and systems	134.91	271.40	416.54	0.01
	Assimilation of carbon dioxide through tree planting	(0.14)	(0.14)	(0.14)	(0.14)
Scope 2 emission[2]	Purchased electricity[3,4]	12,042.65	15,734.33	23,451.91	8,257.37
Scope 3 emission[5,6,7]	Paper waste disposal at landfills	4.72	4.64	12.44	1.34
	Electricity used for freshwater and sewage treatment	178.02	184.24	264.57	53.46
	Category 6: Business air travel by employees[8]	136.69	162.45	187.43	54.06
Total[9]		12,574.34	16,440.76	24,459.44	8,400.00
Scope 1 + Scope 2 Emissions Intensity ($tCO_2eq.$/Group Employee)		17.71	6.20	8.90	3.46
Total Emissions Intensity ($tCO_2eq.$/ Group Employee)		18.17	6.34	9.08	3.50

Note 1: As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by Hong Kong Exchanges and Clearing Limited, Scope 1 greenhouse gas emissions refer to direct emissions from equipment and operations that are owned or controlled by our Group.

Note 2: As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by Hong Kong Exchanges and Clearing Limited, Scope 2 greenhouse gas emissions refer to energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling, and steam consumed within our Group.

Note 3: According to The Ministry of Ecology and Environment of People's Republic of China: Emission factor of 0.5777 tCO_2e/MWh was used for purchased electricity from the National Grid of the PRC in 2026, 2025 and 2024; Emission factor of 0.6205 tCO_2e/MWh was used for purchased electricity from the National Grid of the PRC in 2023; Emission factor of 0.5366 tCO_2e/MWh was used for purchased electricity from the National Grid of the PRC in 2022.

Note 4: According to the TEPCO ESG Data 2025 – Environmental Data: Emission factor of 0.421 tCO_2e/MWh was used for 2025 and 2024 purchased electricity from Japan; Emission factor of 0.408 tCO_2e/MWh was used for 2023 purchased electricity from Japan; Emission factor of 0.376 tCO_2e/MWh was used for 2022 purchased electricity from Japan.

Note 5: Scope 3 GHG emissions were calculated based on available emission factors referred by Appendix 2 of "How to Prepare an ESG Report" set out by Hong Kong Exchanges and Clearing Limited, as well as based on the "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" published by Greenhouse Gas Protocol, unless stated otherwise.

Note 6: Data for other categories of scope 3 emissions has not yet been collected, and our Group currently does not have the capability to conduct data collection for these categories; however, our Group shall endeavor to dedicate resources to complete scope 3 emissions disclosure in due time.

Note 7: Due to lack of resources, our Group's consumption of office paper and total travel distance for business travel had to be extrapolated from recent samples; however, our Group shall endeavor to keep complete records of its resource consumption in due time.

Note 8: CO2 emissions from the Group's business air travel were reported in accordance with the International Civil Aviation Organization (ICAO) Carbon Emission Calculator.

Note 9: Total GHG Emissions may not equal total sum of emission sources due to rounding errors.

Resources Consumption

In terms of energy consumption, our Group mainly consumed electricity and petrol for business purposes during the track record period. The following table shows the breakdown of our energy consumption for the periods indicated:

	Unit	2023	2024	2025	Four months ended April 30, 2026
Electricity Consumption	**kWh**	19,421,213.00	27,244,511.00	40,605,312.00	14,297,235.48
Petrol Consumption	**litres**	28,572.38	30,936.31	46,911.49	10,196.46
Diesel Consumption	**litres**	451.77	465.68	541.46	2,520.82
Total Energy Consumption[1]	**kWh**	19,678,942.28	27,523,328.83	41,026,461.79	14,412,801.41
Total Energy Consumption Intensity	**kWh/Group Employee**	28,437.78	10,614.47	15,223.18	6,007.84

Note 1: Conversion factors were referred to IEA Energy Statistics Manual and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

In addition to energy consumption, we also assess water and waste generation in our operations. The following table outlines our water usage for the periods indicated.

	Unit	2023	2024	2025	Four months ended April 30, 2026
Water Consumption	**m^3**	272,326.00	386,427.00	554,912.03	175,756.50
Water Consumption Intensity	**m^3/employee**	393.53	149.03	205.90	73.26
Hazardous Waste Generation	**kg**	20,100.00	21,841.50	39,695.40	21,940.00
Hazardous Waste Generation intensity	**Kg/million pieces of production**	126.25	109.09	167.06	361.19
Hazardous Waste Generation intensity	**kg/employee**	29.05	8.42	14.73	9.15
Non-Hazardous Waste Generation	**kg**	108,000.00	108,000.00	111,650.00	36,890.00
Non-Hazardous Waste Generation intensity	**Kg/million pieces of production**	678.37	539.44	469.88	607.30
Non-Hazardous Waste Generation intensity	**kg/employee**	156.07	41.65	41.43	15.38

Industry Peer Comparison

We have selected Lens Technology Co., Ltd. (6613.HK) and AAC Technologies Holdings Inc. (2018.HK) as our ESG performance peers. This selection provides a meaningful and relevant comparison within the high-precision components manufacturing ecosystem serving the global consumer electronics industry.

Both operate within the high-precision components manufacturing ecosystem serving global consumer electronics brands. All three entities are critical suppliers to leading smartphone and consumer electronics companies, facing comparable ESG challenges including energy-intensive precision manufacturing, supply chain management, and resource efficiency. The following table compares relevant environmental data from the above-mentioned industry peers of our Group over their three most recently completed reporting periods.

Data	Company	Unit	2023	2024	2025
Scope 1 + Scope 2 emissions	Group	tCO_2e	12,254.91	16,089.43	23,995.00
	AAC Technologies Holdings Inc ("**AAC**")		641,012.00	732,586.00	748,720.00
	Lens Technology Co., Ltd ("**Lens**")		2,391,671.06	2,639,168.42	2,567,119.80
Scope 1 + Scope 2 emissions intensity	Group	tCO_2e/employee	17.71	6.20	8.90
	AAC[1]		21.42	19.65	17.97
	Lens[2]		17.89	19.33	17.62
Energy consumption	Group	kWh	19,678,942.28	27,523,328.83	41,026,461.79
	AAC		1,097,723,644.00	1,354,407,084.00	1,458,726,388.89
	Lens		4,140,715,000.00	4,515,729,000.00	5,257,274,370
Energy consumption intensity	Group	kWh/employee	28,437.78	10,614.47	15,223.18
	AAC[1]		36,686.17	36,337.49	35,003.27
	Lens[2]		30,975.99	33,082.26	36,087.08
Water consumption	Group	m^3	272,326.00	386,427.00	554,912.03
	AAC		11,598,835.00	13,882,444.00	13,727,878.00
	Lens		26,769,917.00	31,071,974.00	18,227,087.00
Water consumption intensity	Group	m^3/employee	393.53	149.03	205.90
	AAC[1]		387.64	372.45	329.40
	Lens[2]		200.26	227.63	125.11
Hazardous Waste Generation	Group	kg	20,100.00	21,841.50	39,695.40
	AAC[3]		11,598,000.00	14,316,000.00	12,708,000.00
	Lens		7,399,330.00	10,012,460.00	9,993,670.00
Hazardous Waste Generation intensity	Group	kg/employee	29.05	8.42	14.73
	AAC[1]		387.61	384.08	304.94
	Lens[2]		55.35	104.88	68.60
Non-Hazardous Waste Generation	Group	kg	108,000.00	108,000.00	111,650.00
	AAC		12,663,000.00	16,163,000.00	19,470,000.00
	Lens		186,159,280.00	194,340,220.00	195,586,520.00
Non-Hazardous Waste Generation intensity	Group	kg/employee	156.07	41.65	41.43
	AAC[1]		423.20	433.64	467.20
	Lens[2]		1,392.63	1,423.74	1,342.56

Note 1: Since intensities at AAC are expressed in terms of "per RMB100 million of revenue", intensities have been recalculated to be expressed in terms of "per employee" for easier comparison, with employee figures referenced from the ESG report of the corresponding reporting year.

Note 2: Since Lens did not calculate intensities, they have been expressed in terms of "per employee" for easier comparison, with employee figures referenced from the ESG report of the corresponding reporting year.

Note 3: Total hazardous waste generation at AAC is presented as "Hazardous chemicals generated" in their sustainability report.

Based on the available environmental data for 2023–2025, our Group demonstrates a significantly lower absolute environmental footprint than both peers across all categories (Scope 1 & 2 emissions, energy, water, waste). This is primarily attributable to our smaller operational scale.

When normalised per employee, our performance shows a clear leadership position in emissions intensity, consistently lower than both peers across all three years, indicating a carbon-efficient operational model. In energy consumption intensity, we maintain a leadership position across all three years, with our 2024 and 2025 figures remaining the lowest among peers, reflecting sustained efficiency gains. For water consumption intensity, while our 2024 and 2025 performance substantially outperforms AAC, we remain above Lens Technology across all periods; our intensity improved markedly from 2023 to 2024 before a slight increase in 2025, likely influenced by differences in production processes, facility age, or pace of technology implementation. For waste generation intensity, we demonstrate unequivocal leadership in both hazardous and non-hazardous waste, with intensities that are substantially lower than both AAC and Lens across all three years. Hazardous waste intensity saw a sharp reduction from 2023 to 2024, and while it experienced a modest uptick in 2025, it remains significantly below peer levels, demonstrating effective management and continuous improvement.

We acknowledge that intensity differences are influenced by operational scale, product mix, vertical integration, and maturity of ESG initiatives. As we scale, we are committed to leveraging established management systems to achieve and maintain leading environmental performance relative to industry peers.

Environmental Targets and Plans to Achieve Targets

We recognize the significance of safeguarding the environment and fostering sustainability. With a focus on environmental responsibility and minimizing our environmental footprint, our Group has established environmental targets that align with our overall business strategy and objectives. These targets undergo regular review and updates to ensure ongoing enhancements in our sustainability practices. Through the establishment of these targets, we aim to demonstrate our dedication to environmental protection by proactively adopting measures to mitigate our environmental impact.

Category	Targets for the next 10 years	Plans to achieve targets
GHG emissions[1]	Reduce total Scope 1 + Scope 2 greenhouse gas emission intensity by 10% within 10 years, with the year ended December 31, 2024 as the base year.	• Actively improve energy efficiency to reduce GHG emissions from fuel usage and purchased electricity consumption; • Conduct research and explore sustainable technologies and practices to minimize our carbon footprint; and • Collaborate with industry organizations to develop sustainable solutions.

Category	Targets for the next 10 years	Plans to achieve targets
Energy efficiency	Reduce total energy consumption intensity by 10% within 10 years, with the year ended December 31, 2024 as the base year.	• Purchase energy-efficient equipment, electronic appliances and devices throughout the whole Group; • Continuously monitor the energy consumption of our offices; • Train and educate employees to turn off unnecessary and idling equipment, electronic appliances, and devices; and • Explore feasibility of installing new solar photovoltaic power stations at our facilities.
Water efficiency	Reduce water consumption intensity by 10% within 10 years, with the year ended December 31, 2024 as the base year.	• Increase awareness among employees for water conservations; • Implement wastewater recycling infrastructure and systems at our facilities, and • Prioritize energy-efficient infrastructure and architecture to reduce water use.
Waste generation	Reduce hazardous and non-hazardous waste generation intensity by 10% within 10 years, with the year ended December 31, 2024 as the base year.	• Phase out and replace outdated machinery with new, environmentally-friendly equipment designed to minimize hazardous waste generation; • Prioritize the procurement and use of degradable and eco-friendly raw materials and chemicals across all production processes; and • Implement strategies and technologies designed to significantly decrease the overall consumption of raw materials and chemicals.

Note 1: During the Track Record Period and up to the Latest Practicable Date, our Group only completed 1 out of 15 categories of Scope 3 emissions disclosures. While we endeavour to dedicate resources to complete scope 3 emissions disclosure in due time, since any reduction targets set for Scope 3 emissions would quickly become outdated as we implement disclosures for other categories of Scope 3 emissions, we have decided to forego setting Scope 3 emissions reduction target for the time being.

Furthermore, in pursuit of social responsibility, and to align with the China's Dual Carbon 3060 plan, which aim to achieve carbon emissions peak before 2030 and carbon neutrality by 2060, our Group has set the target of becoming carbon neutral by 2060. To reach this target, our Group may purchase carbon certificates, plant more trees, as well as commit to other sustainable measures to sequester any GHG emissions that are unavoidable.

Social Policies

Human Resources

Our Group has strictly complied with the relevant laws and regulations to ensure employees' interests are protected. These include, but are not limited to the following: Labor Law of the PRC, Labor Contract Law of the PRC, Regulations on Paid Annual Leave for Employees, PRC Law on the Protection of Disabled Persons, Trade Union Law of the PRC, PRC Law on the Protection of Women's Rights and Interests, Special Rules on the Labor Protection of Female Employees and Provisions on the Prohibition of Using Child Labor.

In addition to compliance with laws and regulations, we have adopted policies on compensation and dismissal, equal opportunities, diversity, anti-discrimination, training and development and other benefits and welfare which include: Fair compensation aligned with job value, capability, and performance; performance-based salary, bonuses, project allowances, Compensation linked to individual performance appraisal to promote meritocracy, Termination procedures compliant with labor laws and employment contracts, Recruitment based on merit, focusing on industry experience and educational background, Clear mechanisms for promoting high-performing employees and internal career development paths in R&D and advanced manufacturing, Equal opportunities regardless of race, nationality, gender, or other protected characteristics; prohibition of discrimination, harassment, and retaliation, Comprehensive benefits: statutory social insurance, paid leave, regular health checkups, holiday benefits, and Safe and healthy workplace; supportive organizational culture with employee celebrations.

We make sure to effectively communicate our human resources management system, salary management system, reward and punishment system, and code of conduct to our employees. Furthermore, we uphold a culture of equality, diversity, innovation and zero tolerance for discrimination, fostering a transparent and trusting environment that values honesty and inclusiveness.

See below for the detailed breakdown of our workforce as of the date indicated:

Total Workforce as of:	**As of April 30, 2026**
By Gender	
Male	1,595
Female	804
Total	2,399

Occupational Health and Safety

Our Group strives to provide and maintain a safe and healthy working environment whilst complying with all applicable laws, regulations, and standards. These include, but not limited to the following: Labor Contract Law of the PRC, Law of the PRC on the Prevention and Treatment of Occupational Diseases and Work Safety Law of the PRC.

We are committed to providing a safe and healthy workplace for our employees, implementing effective management practices to prevent and reduce occupational hazards and risks associated with our precision manufacturing operations. We have established a dedicated Occupational Health Control Procedure with stated purpose of strengthening occupational health management, implementing a "Safety first, with prevention as the priority" policy to eliminate hazards at the source and prevent or reduce safety incidents. Our approach is demonstrated through concrete, procedural measures across our operations.

Accountability for occupational safety and health is clearly delineated. The Environmental, Health, and Safety ("**EHS**") unit within the Administration & Human Resources Department serves as the responsible entity for organizing hazard assessments, occupational disease prevention plans, and health surveillance programs. Correspondingly, the Production/Manufacturing Department is charged with the daily execution of these plans, conducting routine monitoring of workplace hazards, and ensuring the provision and proper utilization of necessary personal protective equipment ("**PPE**").

Supply Chain Management

We integrate sustainability and ethical considerations into our supply chain management. This aims to enhance the overall sustainability and resilience of our supply chain, as well as the competitiveness of both our company and our suppliers.

Our foundational approach to supplier social responsibility is systematic and governed by clear policy. The Corporate Social Responsibility Management Manual establishes formal procedures to ensure that suppliers and subcontractors understand and are encouraged to improve their social responsibility performance. A critical contractual step requires all suppliers and subcontractors to sign a formal Social Responsibility Commitment Letter prior to order placement, pledging compliance with local labor laws and SA8000 standards. This commitment is actively monitored and enforced through a structured process. The Resource Development & Purchasing Department maintains detailed social responsibility profiles for suppliers and conducts a minimum of annual on-site audits to evaluate performance and verify the implementation of corrective actions. We enforce a zero-tolerance policy for severe violations, stating that business relationships will be terminated immediately with suppliers found to be deliberately utilizing child or forced labor.

In line with our commitment to reduce our environmental footprint, we prioritize local suppliers for raw materials and other supply needs where feasible, actively seeking to reduce carbon emissions associated with transportation. Furthermore, concerning the environmental and safety attributes of incoming materials, we implement a two-stage control process: (1) potential suppliers are required to submit qualified third-party HSF (Hazardous Substance Free) & RoHS (Restriction of Hazardous Substances) test reports before onboarding, which are updated annually; and (2) our Incoming Quality Control (IQC) department conducts ongoing monitoring of materials for RoHS compliance.

This supplier management framework is a key component of our strategy to address indirect environmental and social impacts and also serves as the primary mechanism to influence and mitigate risks within our supply chain. Through this integrated approach of selective sourcing, contractual safeguards, and performance management, we maintain a governance system to manage ESG-related risks associated with our external partners. During the Track Record Period, there were no quality feedback incidents, and no non-compliant suppliers were identified or reported based on our checks.

Product Responsibility

We have implemented a comprehensive quality management system to ensure product quality and customer safety from development to delivery and post-market surveillance. This system is designed to meet regulatory and customer requirements. Our customer-centric approach is supported by formal procedures for handling feedback, investigating incidents, and implementing corrective actions. These procedures serve as our core mechanism for providing remedies in the event of any product-related issues, encompassing health and safety concerns, performance deviations, or labelling discrepancies. The structured process from emergency containment to root cause analysis and systemic correction ensures effective remediation and prevention of recurrence.

As a B2B manufacturer, our primary interactions are with professional clients. We engage in collaborative technical dialogue focused on product performance, application support, and continuous improvement. To ensure transparency and joint quality control, we adhere to strict Product Change Notification ("**PCN**") management protocols required by our clients. Any changes to product design, material, manufacturing process, or even packaging that could potentially affect form, fit, function, quality, or reliability are formally communicated to and approved by the customer through the PCN process before implementation. This practice embodies our commitment to responsible partnership and shared product integrity.

Cybersecurity and Data Privacy Protection

Our Group has complied with all applicable laws and regulations regarding data security. These include, but not limited to the following: Cybersecurity Law of the PRC and Personal Information Protection Law of the PRC.

In addition to compliance with laws and regulations, our Group has implemented information security measures to protect our operational and research data. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major cybersecurity incident.

The data we collect and process is primarily related to our business operations, including employee information, customer and supplier contract data, and proprietary research and development information. For any processing of personal information, we adhere to the principles and requirements of the Personal Information Protection Law.

Our technical and organizational measures for data security are integrated into our operational management. Employees are subject to confidentiality obligations as part of our standard governance.

Anti-Corruption

Our Group regards strict compliance with all applicable laws and regulations as the cornerstone of sustainable and ethical business operations. Our Group requires that all employees conform to the Law Against Unfair Competition of the PRC, Criminal Law of the PRC, and other laws, regulations, and regulatory documents related to commercial bribery.

This commitment is upheld through an internal governance framework designed to promote integrity and accountability. We have established a comprehensive set of institutional policies, including the Business Ethics and Conduct Management Procedure, the Anti-Corruption and Anti-Bribery Control Procedure, the Conflict of Interest Management System, and the Anti-Money Laundering Management Measures. These policies establish clear standards of conduct for preventing bribery, managing conflicts of interest, and combating money laundering. Oversight responsibilities are integrated into our management structure, with the Internal Audit Department assigned monitoring and investigative duties, and a dedicated Anti-Corruption Supervision Group and Anti-Money Laundering ("**AML**") Leadership Group established for ongoing oversight.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be involved in legal, arbitration or administrative proceedings arising from the ordinary and usual course of our business. In May 2026, one of our suppliers, who was not one of our top five suppliers during the Track Record Period, initiated a lawsuit against us in relation to a dispute arising from a raw materials purchase contract.

The claim arose from purchase orders we placed with the plaintiff upon a customer's instruction to procure raw materials, in order to fulfill individual purchase orders for a specific product model among the various models under our cooperation with this customer. This customer cancelled such confirmed orders after we placed the orders for raw materials with the plaintiff, resulting in the underlying dispute with our supplier. As advised by our PRC Legal Advisor, the relevant customer's unilateral cancellation constituted a breach of contract, and we are entitled to pursue the relevant customer for such breach and claim compensation for losses suffered by us as a result.

In May 2026, the court approved the plaintiff's application for property preservation and restricted a portion of funds in our bank accounts as a provisional measure. According to our PRC Legal Advisor, the court-ordered property preservation is a temporary procedural measure under PRC civil procedure law to prevent potential asset dissipation pending resolution of the dispute; it does not reflect any judgment on the merits of the case and was granted solely on the basis of the plaintiff's application, which satisfied the applicable procedural requirements. As advised by our PRC Legal Advisor, such measures do not imply the court's support for the plaintiff's claims in any way as the substantive issues of the dispute remain to be adjudicated during the trial.

Based on the court documents received, the plaintiff claims payment for goods and compensation for losses in an aggregate amount of approximately RMB12.2 million, as well as the relevant litigation costs. As of the Latest Practicable Date, the litigation remained at a preliminary stage, and no court judgment on the merits had been issued. In connection with this litigation, we recorded a provision of RMB12.2 million and recognized a corresponding other receivable of RMB12.2 million from the relevant customer as of April 30, 2026. Meanwhile, we are in active communication with the relevant customer to seek a commercial resolution regarding this supplier dispute, while reserving our legal rights under the relevant agreements.

Having considered, among others, the preliminary stage of the matter, the contractual and commercial nature of the dispute, and the total claimed amount, our Directors believe and our PRC Legal Advisor is of the view that such dispute would not have a material adverse impact on our business operations.

Save as disclosed, during the Track Record Period and up to the Latest Practicable Date, we had not been 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 our Group or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

Social Insurance and Housing Provident Fund Contributions

Failure to Make Full Contributions to Social Insurance and Housing Provident Fund

During the Track Record Period, we failed to make full contributions to social insurance and housing provident fund for certain of our employees in accordance with the relevant PRC laws and regulations. During the Track Record Period, the shortfall amounts were approximately RMB3.6 million, RMB4.0 million, RMB11.8 million and RMB9.8 million in 2023, 2024, 2025, and the four months ended April 30, 2026, respectively. Such shortfall was primarily attributable to: (i) the relatively high turnover of our production workforce, which resulted in practical challenges in ensuring timely and complete enrolment and contributions for all affected employees; and (ii) requests from certain employees that we do not to make full contributions on their behalf, including due to their preference not to bear the employee portion of the statutory contributions.

According to applicable PRC laws and regulations, we may be required by relevant regulatory authorities to make up the outstanding amount of social insurance prior to a stipulated deadline and may also be subject to an additional late payment penalty at a daily rate of 0.05% of the shortfalls. We estimate that in the event that we were ordered by relevant authorities to make up for the shortfalls of social insurance contributions during the Track Record Period, the maximum late payment fees would be approximately RMB2.03 million as of April 30, 2026. In the event that we still fail to make such contributions and payments by the deadline provided by the relevant authorities, we may be liable to a penalty of one to three times of the outstanding contribution amount.

According to applicable PRC laws and regulations, the relevant government authorities may demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. Enforcement actions may be taken against us according to rulings of relevant PRC courts if we fail to rectify by that deadline. However, no late payment fees are provided in relevant regulations for housing provident fund contributions.

As advised by our PRC Legal Advisor, the Interpretation No. 2 aligns with the regulatory requirements set forth in the Labor Contract Law, which took effect on July 1, 2013; and therefore, the release of Interpretation No. 2 will not impact our compliance with PRC social insurance-related laws and regulations. If employees for whom we did not make full social insurance contributions file lawsuits to assert the termination of their labor contracts and seek compensation, we may face a loss of workforce. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints or notices of lawsuits from employees in this regard requesting to terminate their labor contract and seek economic compensation. In addition, we will make full social insurance and provident fund contributions for relevant employees when required by relevant authorities. Therefore, we do not expect the release of the Interpretation No. 2 to have any material adverse impact on our results of operations or financial condition. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties in relation to our failure to make full contributions to social insurance and housing provident fund.

Our PRC Legal Advisor are of the view that the likelihood that the relevant social insurance and housing provident fund authorities would require us to pay for the shortfall of social insurance and housing provident fund or impose administrative penalties on us due to our failure to make full payment of the social insurance and housing provident fund is remote, on the basis that: (i) we have not received any notifications from the relevant authorities requiring us to pay the shortfalls, (ii) we have not been subject to any administrative penalties relating to inadequate contributions of social insurance and housing provident fund during the Track Record Period and up to the Latest Practicable Date, (iii) no material employee complaints were received, nor were any disputes raised regarding such payments, (iv) the relevant government authorities confirmed that they generally would not proactively take enforcement actions against us, and (v) we undertake to pay any shortfall within the prescribed time period upon request by relevant government authorities or upon the complaint by any affected employee. Accordingly, no provision was made for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period. Our Directors are of the view that such failure to make full contributions to social insurance and housing provident fund for certain employees will not have a material adverse impact on our business operations, financial condition or results of operations as a whole.

Our PRC Legal Advisers are of the view that the labor security supervision authorities and the housing provident fund authorities in the relevant jurisdictions are competent to address enquiries regarding employers' compliance with social insurance and housing provident fund contribution obligations. Based on interviews and consultations conducted in June to December 2025, they obtained confirmations from the relevant authorities in Jiashan (嘉善), Chaohu (巢湖) and Shanghai (上海) (including the Qingpu (青浦) and Songjiang (松江) districts) that, under normal circumstances, the relevant authorities do not proactively conduct inspections on employers' compliance with social insurance and housing provident fund contribution obligations.

The non-compliance in relation to the failure to make full contributions to social insurance and housing provident fund did not involve any of our Directors or senior management members. As advised by our PRC Legal Advisor, our Directors shall not be subject to any penalties for this non-compliance. During the Track Record Period and up to the Latest Practicable Date, we have taken and will continue to take measure to improve the situation, including: (i) our Department of Human Resources will oversee the declaration and contribution of our social insurance and housing provident fund; (ii) we will enhance staff training programs, including compliance-related training for employees; (iii) we will improve awareness of laws and regulations and regularly monitor the latest developments in the laws and regulations related to social insurance and housing provident fund in China; (iv) we will regularly consult with our legal advisors in China to obtain advice on relevant Chinese laws and regulations in order to keep abreast of related regulatory updates; (v) if relevant authorities require us to make full contributions for social insurance and housing provident fund in the future, we will complete such contributions in accordance with applicable laws and regulations within the stipulated timeframe and will adopt corresponding remedial measures to avoid any administrative penalties.

Failure to Register Certain Leased Properties

As of the Latest Practicable Date, we had not registered our rental agreements for four leased properties in China with the competent authorities, which was primarily attributable to non-cooperation of the lessors in registration process as required. The Directors are of the view that such non-registration will not have any material adverse effect on our business, financial condition and results of operations.

Pursuant to the Administrative Measures for the Leasing of Commodity Housing (《商品房屋租賃管理辦法》), the parties to a lease agreement are required to complete the registration and filing procedures with the competent construction (real estate) authorities of the municipality, city or county where the leased properties are located within 30 days after the execution of the relevant lease agreements. Where the aforesaid requirements are not complied with, the relevant authorities may order rectification within a prescribed period. If the relevant entity fails to rectify within such period, it may be subject to an administrative fine ranging from RMB1,000 to RMB10,000.

As of the Latest Practicable Date, there were four leased properties of our Group that had not completed the relevant registration and filing procedures. Based on the applicable laws and regulations, the maximum potential administrative penalty in respect of such non-compliance is approximately RMB40,000.

As advised by our PRC Legal Advisor, failure to register these lease agreements does not affect their legal validity and if the lease registration is completed within the prescribed time limit ordered by competent government authorities, the risk of government authorities imposing any penalty on us with respect to these leased properties is remote.

The non-compliance in relation to the failure to complete registration procedures for certain leased properties did not involve any of our Directors or senior management members. As advised by our PRC Legal Advisor, our Directors shall not be subject to any penalties for this non-compliance. During the Track Record Period and up to the Latest Practicable Date, no administrative penalties had been imposed on us in respect of the aforesaid non-compliance. We have taken and will continue to take proactive measures to rectify the aforesaid non-compliance. In particular, we have actively communicated and coordinated with the relevant lessors and will, to the extent practicable, request and urge them to cooperate with us in completing the relevant registration and filing procedures in accordance with applicable laws and regulations.

Sanctions and Export Controls

Overview

In the course of our business operations, we primarily engage in domestic transactions and may from time to time interact with a few overseas customers and suppliers. As a result, our operations may be subject to economic sanctions, export control laws and regulations, and other trade restrictions imposed by certain jurisdictions, including the United States, the United Nations, the European Union, the United Kingdom and Australia.

In accordance with the requirements set out in Chapter 4.4 of the Guide for New Listing Applicants, we have engaged the International Sanction Legal Adviser to conduct an analysis on whether our business activities are subject to, or exposed to material risks under, applicable sanctions regimes and export control laws.

Export Control Compliance

Our principal products consist of micro motors manufactured in the PRC and primarily used in smartphones, imaging devices, unmanned aerial vehicles, robotics, smart home devices and automotive electronics.

In particular:

- our products do not incorporate controlled U.S.-origin components, nor are they bundled with controlled U.S.-origin software;

- our manufacturing equipment is primarily sourced from suppliers located in the PRC, with certain testing equipment sourced from non-U.S. jurisdictions (i.e. Japan), and we do not use any U.S.-origin production or testing equipment in our manufacturing processes;

- we primarily use software developed in the PRC or internally developed software for operational and management purposes, and only use limited software of U.S. origin, including general-purpose office software, word-processing tools and web browsers. Such software generally does not require a license for export to the PRC and is neither listed on the Commerce Control List nor captured within the product scope of the foreign direct product rules under the U.S. Export Administration Regulations ("**EAR**"); and

- we do not use U.S.-origin electronic design automation ("**EDA**") software or other controlled U.S.-origin software or technology in our research, design or production processes.

Based on the foregoing, our International Sanction Legal Adviser is of the view that our products are generally not subject to the EAR, unless specific foreign direct product rules under the EAR are triggered in exceptional circumstances, and under our current business model, technology stack and manufacturing arrangements, our products do not fall within the scope of such rules.

Transactions with Relevant Entities

During the Track Record Period, we conducted transactions with five entities ("**Relevant Entities**") that have been included on the U.S. Bureau of Industry and Security's Entity List ("**Entity List**"), which were added to the Entity List on May 16, 2019 and subsequently designated with a footnote on May 15, 2020. The Relevant Entities are members of Customer B, our third largest customer in 2023. One of the Relevant Entities is also included on the U.S. Non-SDN Chinese Military-Industrial Complex Companies List ("**NS-CMIC List**") and the Chinese Military Companies List ("**CMC List**"), having been designated on both lists on June 3, 2021. The revenue generated from direct sales to the Relevant Entities amounted to RMB113.8 million, RMB2.7 million, RMB2.4 million and RMB19.9 million for 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing 13.3%, 0.2%, 0.1% and 2.9% of our total revenue for the same periods. During the Track Record Period, we conducted both direct transactions with, and indirect sales through module manufacturers to, Customer B. The revenue attributable to product models designed for Customer B amounted to RMB115.5 million, RMB486.5 million, RMB552.6 million and RMB376.8 million for 2023, 2024, 2025, and the four months ended April 30, 2026, respectively, representing 13.5%, 31.1%, 28.2% and 54.3% of the our total revenue for the same periods, which include sales not only to the Relevant Entities, but also to other entities within Customer B's group.

Our sales were conducted either directly with contractual counterparties or indirectly through module manufacturers. In assessing export control implications, we have considered both direct transactions and indirect sales to the extent known to us based on commercial documentation. As advised by our International Sanction Legal Adviser, when assessing whether the Company's transactions with the Relevant Entities are subject to the EAR, the applicable Entity List footnote designations should be taken into account, in particular in relation to the Entity List Foreign Direct Product ("**FDP**") Rule, given that the Company's products are manufactured in China outside the United States. Under the Entity List FDP Rule, an item will be subject to the EAR only if both the "product scope" and the "end-user scope" conditions are satisfied. Although Relevant Entities fall within the "end-user scope" of certain FDP rules under the EAR, our products sold to the Relevant Entities are periscope motors manufactured in the PRC using our own technology and do not incorporate any U.S.-origin controlled technology, software or components. Hence, such products are not the direct product of U.S.-origin controlled technology or software specified under Section 734.9(e)(1) of the EAR, nor are they produced by a plant or major component of a plant that is itself the direct product of such U.S.-origin controlled technology or software. The "product scope" conditions required for the application of the relevant export control rules are not satisfied. Accordingly, our International Sanction Legal Adviser is of the view that the products supplied by us to such entities are not subject to the EAR, and our transactions with such customers do not constitute violations of applicable U.S. export control laws.

Economic Sanctions Compliance

Based on our current business operation:

- neither we nor any of our subsidiaries, directors, senior management members or controlling shareholders has been designated on the U.S. Office of Foreign Assets Control ("**OFAC**") Specially Designated Nationals and Blocked Persons List (the "**SDN List**"), nor on any comparable sanctions lists maintained by the United Nations, the European Union, the United Kingdom or Australia;

- we do not operate in, nor have we exported products or provided services to, any countries or regions subject to comprehensive economic sanctions; and

- none of our customers (including the Relevant Entities), suppliers or other material business partners has been identified as a designated person under the SDN List or other similar sanctions lists maintained by the United Nations, the European Union, the United Kingdom or Australia.

During the Track Record Period, we conducted transactions with two entities designated on both the NS-CMIC List and the CMC List on June 3, 2021, one of which is one of the Relevant Entities mentioned above, and one entity designated on the CMC List on 6 January 2025, which is controlled by End Customer B. The revenue generated from direct sales to these three entities amounted to RMB0.1 million, RMB0.2 million, RMB3.2 million and RMB7.5 million for 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing 0.0%, 0.0%, 0.2% and 1.1% of our total revenue for the same periods. During the Track Record Period, we conducted both direct transactions with, and indirect sales through module manufacturers to, Customer B and End Customer B. The revenue attributable to product models designed for Customer B and End Customer B amounted to RMB132.3 million, RMB554.8 million, RMB889.1 million and RMB512.4 million for 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing 15.5%, 35.5%, 45.4% and 73.8% of our total revenue for the same periods, which include sales not only to the entities on the CMC List, but also to other entities within Customer B's group and End Customer B's group. These lists primarily give rise to certain transaction restrictions involving U.S. Department of Defense, or U.S. investment-related restrictions applicable to U.S. persons. As we are not U.S. persons, and designation on NS-CMIC list and CMC list does not prohibit provision of commercial products by non-U.S. persons, our International Sanction Legal Adviser is of the view that such restrictions do not apply to our ordinary course sales of products, and our transaction with the entities on the CMC list and NS-CMIC list does not trigger the application of such restrictions.

Based on the above information, our International Sanction Legal Adviser is of the view that the Group's business operations and transactions, including those conducted with the Relevant Entities during the Track Record Period, do not constitute any Primary Sanctioned Activity or Secondary Sanctionable Activity under applicable sanctions and export control laws and regulations.

Risk Factors and Forward-Looking Considerations

Although our exposure to sanctions and export control risks is relatively remote under the current legal and regulatory framework and our existing business operations, there can be no assurance that applicable laws, regulations, policies or enforcement practices will not change in the future.

If international sanctions regimes or export control regulations are further expanded or tightened, or if there are changes in our customer base, technology routes or supply chain arrangements, our business operations, financial condition and results of operations may be adversely affected. Please see "Risk Factors – Risks Relating to Our Business and Industry – Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations." We will continue to monitor relevant regulatory developments and enhance our internal compliance procedures and counterparty screening measures as appropriate.

Tariffs and Trade Barriers

During the Track Record Period, the majority of our revenue was derived from sales to customers located in the PRC. To a lesser extent, we also sold products to customers in South Korea, Singapore, Thailand and Japan. Generally, our products exported to these jurisdictions are subject to standard import tariffs and customs duties applicable to the relevant classification of goods. During the Track Record Period, we incurred tariff costs of RMB0.8 million, RMB0.8 million, RMB1.0 million and RMB0.3 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. We are not currently subject

to any specific anti-dumping duties, countervailing duties, or punitive tariffs imposed by the United States or other jurisdictions that would materially affect our results of operations. However, international trade policies are subject to change. If major jurisdictions were to impose significant new tariffs or non-tariff barriers on our products, it could impact the competitiveness of our pricing in those markets. For further details of regulatory developments relevant to our business, please refer to "Regulatory Overview – Export Control and Sanctions Regulations". During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material adverse change in our revenue or financial condition as a result of the relevant additional tariffs. We had also not received any request from our customers to cancel orders, reduce purchases or renegotiate sales terms due to the relevant additional tariffs.

Regarding our supply chain, we primarily source raw materials and equipment from suppliers located in the PRC. During the Track Record Period, we did not import any raw materials directly from the United States. Based on our current production and operational activities, we have procured certain office software originating from the United States through authorized PRC distributors, however, none of such procurements requires prior authorization or a licence from any U.S. authorities. Consequently, tariffs imposed by the PRC government on U.S.-origin goods have not had a material impact on our cost of sales or gross profit margins. We monitor trade policy changes closely to assess any potential future impact on our upstream costs.

With respect to indirect sales, we are not able to fully track or ascertain the ultimate end customers and final sales markets of downstream products incorporating our products in all cases. Based on sales contracts, delivery records and other commercial documents maintained in the ordinary course of business, we are not aware of any instances where our products were indirectly sold into the United States during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, our products and/or downstream end products incorporating our products have not been subject to any specific anti-dumping duties, countervailing duties or punitive tariffs imposed by the United States or other jurisdictions that would have a material adverse impact on our operating results.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a risk management and internal control system integrated into our daily operations and decision-making processes, supported by internal policies and procedures setting out our organizational structure, operating processes and control measures. The Board bears ultimate responsibility for oversight of the system including determining risk management objectives and approving material risk-related decisions, assisted by the Audit Committee, while senior management and the internal audit function are responsible for monitoring implementation and effectiveness on a day-to-day basis and reporting to the Audit Committee and the Board.

Our risk management process comprises five key stages: (i) collection of initial risk information; (ii) risk identification and assessment; (iii) formulation of risk management strategies; (iv) development and implementation of risk management solutions; and (v) ongoing monitoring and continuous improvement. Risk assessments are conducted periodically through departmental self-assessments, internal audit reviews and external audit recommendations, covering financial, market, operational, compliance, ESG, cybersecurity and IT risks. We have also implemented policies and measures to protect our intellectual property rights, overseen by our intellectual property management function. For details, please see "– Intellectual Properties".

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Pursuant to an acting-in-concert agreement entered into among Dr. Cai, Shenzhen Hezheng, Mr. Cai and Shenzhen Changxin (together, the "**Concert Parties**") dated November 5, 2024, all the Concert Parties confirmed and agreed to act in concert by aligning their votes at the Board and/or the shareholders' meetings of our Company by following the decisions of Dr. Cai. For details, see the section headed "History, Development and Corporate Structure – Acting-in-Concert Agreement" of this document.

As of the Latest Practicable Date, (i) Dr. Cai directly held 7.50% of the total issued share capital of the Company and indirectly held, through his wholly owned company, Shenzhen Hezheng, 27.04% of the total issued share capital of the Company; (ii) Mr. Cai directly held 9.88% of the total issued share capital of the Company; (iii) Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou directly held 8.33%, 3.38%, 0.83% of the total issued share capital of the Company, respectively. Mr. Cai is the general partner of Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou and held approximately 97.31%, 15.08% and 1.13% of the equity interests in Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou, respectively.

Therefore, Dr. Cai, Shenzhen Hezheng, Mr. Cai, Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou are our group of Controlling Shareholders, and in aggregate held approximately 56.97% of the total issued share capital of our Company as of the Latest Practicable Date.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), our Controlling Shareholders will hold approximately **[REDACTED]**% of the total issued share capital of our Company. For details of shareholding of our Controlling Shareholders, see "Substantial Shareholders" in this Document.

Information about our Controlling Shareholders

Dr. Cai is our non-executive Director and chairman of the Board, and also serves the chairman of the board of directors, legal representative and ultimate controller of OFILM. Dr. Cai, Shenzhen Oufei Investment Holdings Co., Ltd.* (深圳市歐菲投資控股有限公司) ("**Shenzhen Oufei**") and Glory United (China) Limited (裕高(中國)有限公司) ("**Glory United**") are parties acting in concert in respect of their equity interests in OFILM. Shenzhen Oufei is owned as to approximately 98.94% by Dr. Cai and Glory United is wholly owned by Mr. Cai Gaoxiao (蔡高校), the brother of Dr. Cai. As of the Latest Practicable Date, Dr. Cai, Shenzhen Oufei and Glory United directly held approximately 0.63%, 5.78% and 2.72% of the equity interest in OFILM, respectively. Accordingly, Dr. Cai and the other parties acting in concert held an aggregate equity interest of approximately 9.13% in OFILM, and none of the remaining shareholders holds more than 5% of the issued share capital of OFILM individually. Among the seven directors on the board of OFILM, six of them were nominated by Shenzhen Oufei in accordance with the articles of association of OFILM, and he exercises decisive influence over OFILM, therefore he has legal and management control over OFILM. For further information of Dr. Cai, see the section headed "Directors and Senior Management". Shenzhen Hezheng is an investment platform and is wholly owned by Dr. Cai. Mr. Cai is our executive Director, vice chairman of the Board and chief executive officer. For further information of Mr. Cai, see the section headed "Directors and Senior Management". Shenzhen Changxin is a limited partnership established in the PRC. The general partner of Shenzhen Changxin is Mr. Cai. Shenzhen Changxin is owned as to 97.31% by Mr. Cai and 2.69% by Mr. Wu Yang, our chief financial officer, secretary to the Board and one of the joint secretaries.

Each of Jiashan Changxin and Hefei Jiatou is an employee share incentive platform of the Company. The general partner of Jiashan Changxin is Mr. Cai. Jiashan Changxin is owned as to 15.08% by Mr. Cai, 29.24% by Mr. Zhao Wei, our executive Director, 4.92% by Mr. Wang Zaiwei, our executive Director, 2.77% by Mr. Wu Yang, our senior management, 3.25% by Mr. Xu Fangmin, our management, 1.94% by Mr. Wei Hua, our management, and 42.81% by 30 other individuals who are independent third parties of the Company, with each of them holding less than 6%. The general partner of Hefei Jiatou is Mr. Cai. Hefei Jiatou is owned as to 1.13% by Mr. Cai, 56.65% by Mr. Zhao Wei, our executive Director, 22.78% by Mr. Wang Ke, our management and 19.44% by 10 other individuals who are independent third parties of the Company, with each of them holding less than 4%.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

The motor industry value chain primarily consists of upstream motor suppliers, downstream module manufacturers and end customers. There is clear business delineation between our Group and OFILM, an associate of our Controlling Shareholders, within the motor industry value chain, considering that:

(a) Different tiers within the motor industry value chain. Our Group acts as an upstream motor supplier, and is primarily engaged in the design, R&D, manufacturing and sales of micro motors, which are core components used in camera modules and other optoelectronic assemblies, while OFILM acts as a downstream module manufacturer, integrating motors sourced from the Group, along with other components, into its finished optical and optoelectronic modules, including camera modules and smart device assemblies, for end markets such as smartphones and automotive electronics. The relationship between the Group and OFILM is a typical "component-to-module" supply relationship whereby the Group provides essential precision motor solutions to OFILM, enabling OFILM to deliver complete, value-added optoelectronic modules to major global consumer electronics and automotive end customers;

(b) Different products. Our Group specializes in the development and manufacturing of micro motors, such as voice coil motors, piezoelectric motors, and stepper motors, which are primarily used for focus and imaging applications, while OFILM focuses on optical and optoelectronic modules and vehicle businesses, including camera modules, optical lenses, and fingerprint recognition modules;

(c) No competition. As of the Latest Practicable Date, OFILM was not engaged in any upstream motor manufacturing which competes or is likely to compete with our business, nor was our Group engaged in the downstream manufacturing and integration of optical and optoelectronic modules. Accordingly, there is a clear delineation between the principal business activities of our Group and OFILM.

The following table sets out a detailed comparison between the Group and OFILM across key aspects, in respect of business model, principal products, sales channels, target customers, technological capabilities, production processes and production equipment:

Aspect	The Group	OFILM	Key delineation
Business model	Manufacturer specialising in the design, R&D and production of micro precision motors, focusing on core components and acting as an upstream supplier to module manufacturers	Provider of integrated optical and optoelectronic solutions, covering smartphones, smart vehicles and other application fields	The Group operates as an upstream motor supplier, while OFILM operates as a downstream module manufacturer
Principal products	Imaging motors (including Autofocus motors, OIS motors and periscope motors) and certain non-imaging motors such as stepping motors	Camera modules, optical lenses, under-display fingerprint recognition modules and other optical components	The Group supplies motors as discrete components, whereas OFILM supplies integrated modules and system-level products
Sales channels	B2B sales, primarily supplying to module manufacturers	B2B sales, directly supplying to end brand customers	The Group's direct customers are module manufacturers, while OFILM's direct customers are end brand customers

Aspect	The Group	OFILM	Key delineation
Target customers	Camera module manufacturers, with end customers such as smartphone and other device brands	Smartphone, smart vehicle and other end brand customers	The Group generally does not enter into transactions directly with end brand customers
Technological capabilities	Focus on precision drive and control technologies for micro motors, with particular strengths in OIS motor technology and R&D focus on miniaturization, high precision and stability of micro motors	Focus on optical design, sensor integration, algorithms and system-level solutions and integration of lenses, motors, sensors and chips	The Group's technology is component-level, while OFILM's technology is system- and integration-oriented
Steps for production processes	The production process mainly comprises component cleaning, stator assembly and rotor assembly, sub-assembly integration, motor appearance inspection, motor marking, motor performance testing and packaging.	The production process mainly comprises FPC mounting, chip bonding, gold wire bonding, lens holder bonding, active alignment, fastening, lens final assembly and packaging	Different process routes
Production equipment	Specialised motor production equipment such as cleaning machines, laser marking machines, dispensing machines and motor performance testing systems	Module assembly equipment such as die bonding machines, wire bonding machines, active alignment machines and FPC mounting equipment	Distinct production equipment reflecting different manufacturing activities

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, he/it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that 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 out our business independently of our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the **[REDACTED]**, our Board will consist of three executive Directors, one non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for more details of our Directors.

We believe that our Directors and senior management are able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates for the following reasons:

- our executive Directors devote substantially all their time to discharge their duties of their positions at our Group;

- despite Dr. Cai is our Controlling Shareholder and serves as the director and chairman of OFILM, he is a non-executive Director and chairman of the Board and will not be involved in the day-to-day operations of our business. Apart from Dr. Cai, there is no overlapping of management members between the Group and OFILM and its subsidiaries;

- each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she must act for the benefit of and in the best interests of our Company and not allow his or her personal interests to interfere with our Company's best interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director or his or her respective close associates, he or she shall abstain from voting on any Board resolutions approving any contract, arrangement or any other proposal in which he or she or any of his or her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting;

- we have appointed three independent non-executive Directors, comprising over one-third of our Board of Directors, to provide a balance of the number of our Board of Directors and with a view to ensuring the decisions of our Board of Directors are made only after due consideration of independent and impartial opinions and promoting the interests of our Company and our Shareholders as a whole. We believe our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to provide professional and experienced advice to our Company. Our Directors are of the view that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and our Shareholders as a whole; and

- we have established corporate governance measures and adopted sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. See "– Corporate Governance Measures" for further details.

Based on the above, our Directors are of the view that our Board of Directors, together with our senior management team, are able to perform their managerial roles in our Group independently from our Controlling Shareholders and their respective close associates.

Operational Independence

Our Group is operationally independent of our Controlling Shareholders and their respective close associates. We can make decisions and carry out our own business operations independently. We have sufficient capital, facilities, technology and employees to operate our business independently. We hold or enjoy the benefits of all relevant licenses and intellectual properties necessary to operate our business. We own or have the right to use all the operational facilities relating to our business. We have our own organizational structure made up of individual functional departments, each with specific areas of responsibility. We have not shared any operational resources such as sales and marketing, risk management and general administration resources with our Controlling Shareholders or their respective close associates. We have also established a set of internal control procedures to facilitate the effective operation of our business. We independently manage and have independent access to our customers and suppliers.

Transactions with OFILM

As part of our ordinary course of business, during the Track Record Period, we have provided, and expect to continue to provide, motors to OFILM, an associate of Dr. Cai, our Controlling Shareholder. For the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026, the Group's sales of motors to OFILM amounted to RMB324.0 million, RMB431.9 million, RMB594.4 million and RMB289.8 million, respectively, which accounted for 37.9%, 27.6%, 30.4% and 41.7% of

our total revenue for the same years/period, respectively. We expect to continue the provision of motors to OFILM after the **[REDACTED]** pursuant to the Motor Supply Framework Agreement. Details as set out in the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions – 1. Motor Supply Framework Agreement" in this Document. During the Track Record Period, we have purchased small amount of lenses, automation equipment and other items for testing purposes from OFILM on a one-off and arms length basis. For further details, please refer to Note 36 of the Accountants' Report as set out in Appendix I.

In view of the mutually beneficial and long-standing business relationship between the Group and the end customers of optical and optoelectronic modules who have the power to decide the source of procurement and upstream suppliers, the Company currently does not expect any material adverse change in such relationship and the risk of termination of the relationship between our Group and the end customers or OFILM is expected to be remote.

(a) Mutually beneficial and dependent business relationship

In the motor industry, the end customers of optical and optoelectronic modules have the discretion to decide their preferred motor suppliers and module manufacturers. For imaging products, although we primarily supply our products to camera module manufacturers, the selection of our motors, the key technical specifications, the underlying demand and price are substantially determined by the end customers, including leading smartphone and other handheld imaging device brands, with which we have established stable and long-term cooperation. The motors supplied by the Group to OFILM are generally specified or pre-approved by the end customers, requiring OFILM to procure these motors in accordance with the standards, quality, technical specifications and quantities set out by the end customers. OFILM has little control over such process and is not entitled to unilaterally terminate or adjust the extent of its cooperation with us without the prior approval of the end customers. These end customers are mainly leading manufacturers of smartphones, handheld imaging devices, consumer-grade unmanned aerial vehicles, smart home devices and other consumer and industrial applications. For further details regarding the background and identities of these end customers, see "Business – Marketing, Sales and Customers – Our End Customers". These end customers make the final decision to purchase motors from the Group during the Track Record Period. As confirmed by Frost & Sullivan, this is also in line with the industry norm.

The Company believes that the motors it supplies to OFILM are difficult to replace for the following reasons:

– Long-standing business relationship with end customers: The Group has a long-standing and stable business relationship with the end customers, including leading smartphone and other handheld imaging device brands, who play a decisive role in selecting and retaining their preferred source of procurement of motor suppliers and modules manufacturer within the supply chain. The Group has maintained stable relationships with end customers with an average cooperation years of over five years with the key end customers. This is demonstrated by a strong track record of consistent collaboration across multiple product generations. Its deep involvement in the design, engineering and after-sales support of the motors it supplied enhances end customer's loyalty and stickiness, making the end customers less likely to switch to the other motor supplier.

– Inevitability of cooperation between the Group as motor supplier and OFILM as module manufacturer would be paired up given their respective leading industry position: Given the Group's and OFILM's leading position in their respective markets, it is highly likely that an end customer selects the Company as its designated motor supplier and OFILM as its designated module manufacturer. We are a major micro motor manufacturer. According to Frost & Sullivan, based on 2025 revenue, we ranked No. 6 globally and No. 2 in China in the imaging motor market, with market

shares of 3.3% and 9.8%, respectively. In the OIS imaging motor segment, we ranked No. 4 globally and No. 1 in China. On the other hand, OFILM is a leading module manufacturer and supplier for camera modules and optical lenses in China, and has over 20 years of industry experience specializing in high-precision optical components and modules manufacturing. As of December 31, 2025, the total revenue of OFILM reached approximately RMB22.1 billion.

– High entry barrier. According to Frost & Sullivan, the China's imaging motor market are highly concentrated, the high-end end customers favoring leading suppliers possessing profound technical capabilities in manufacturing micro motors like us. Furthermore, the motor industry has high technical barriers, high-end application barriers and patent constraints. End customers have significantly raised their demands for imaging motors in terms of reliability, shock resistance, low power consumption, and miniaturization. As a result, micro motors manufacturers are required to continually innovate at the leading edge of electromagnetic design, thermal management, and precision manufacturing, which creates a high entry barrier.

  In addition, according to Frost & Sullivan, manufacturing motors require strong technological foundations, supported by patents in critical areas such as closed-loop control and high-precision drive systems. High-end products must undergo rigorous module validation and full-device certification cycles, often requiring considerable time from sample introduction to mass production. Moreover, replacement costs are high once these components are adopted. This creates substantial technical and customer barriers, making it difficult for new entrants and mid-to-low-end suppliers to rapidly penetrate the high-end market.

As such, the Group believes the business relationship between the Group and OFILM is beneficial to both parties and more importantly, the end customers. It would not be in the best interest of the end customers or feasible to OFILM to procure motors from a different motor supplier.

(b) No undue reliance on OFILM

Despite the relevantly high revenue contribution from OFILM to our Group during the Track Record Period, we do not, and expect that we will not, unduly rely on OFILM to conduct our business for the reasons set out below.

– Sufficient demand for motors and our broad customer base. Our Group has established its own sales team to focus on building and reinforcing our image and reputation in the industry for a larger market share and has independent access to independent third-party customers through its own marketing network. For the three years ended December 31, 2025 and the four months ended April 30, 2026, the Company had 64, 58, 89 and 85 customers other than OFILM, which accounted for 62.1%, 72.4%, 69.6% and 58.3% of our total revenue for the relevant year/period, respectively. The above have further evidenced the Group's capability to source and sell its products to independent third-party customers.

– Expanding customers base during the Track Record Period. By leveraging the market-leading technology, and abundant experience cooperating with downstream module manufacturers, the Group has also acquired a sizeable number of new customers independent from OFILM or connected persons of the Company. The number of new customer of the Group acquired during the Track Record Period consistently exceeded 16 for each of the three years ended December 31, 2025, and exceeded six for the four months ended April 30, 2026, demonstrating the Company's effort to expand its customers base.

– Steadily growing market demand and trend for motors in China. The China motor market has been growing at a significant and rapid pace, primarily driven by strong domestic demand in the electric vehicle and industrial automation sectors, as well as supportive government policies. According to Frost & Sullivan, the motor market in China grew from approximately USD37.6 billion in 2020 to USD55.3 billion in 2025, and is forecast to reach USD78.8 billion by 2030, exhibiting a forecast CAGR of 6.5% from 2026 to 2030.

  In particular, the micro motor market in China has shown remarkable historical growth, expanding from USD9.2 billion in 2020 to USD15.0 billion in 2025, at a remarkable historical CAGR of 10.2%, according to Frost & Sullivan. This growth significantly outpaced the global average. Looking ahead, the market is forecast to reach USD23.6 billion by 2030, with a CAGR of 9.2%, according to Frost & Sullivan, demonstrating a strong demand for the micro motor market. According to Frost & Sullivan, the global market size for micro motors increased from USD23.0 billion in 2020 to USD35.2 billion in 2025, corresponding to a historical CAGR of 8.9%. The market is forecast to sustain this growth, expanding to an estimated USD53.6 billion by 2030, at a forecast CAGR of 8.3% for the period from 2026 to 2030. For further details, please see "Industry Overview – Market Size of Global and China Motor Market" and "Industry Overview – Market Drivers of Global Micro Motor Market".

Based on the above, our Directors are of the view that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Controlling Shareholders. We have also established an internal control system, an independent audit system, and a standardized financial and accounting system and have set our own accounting policy based on the applicable PRC accounting principle and standards. In addition, we have been and 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 (excluding our Group).

As of April 30, 2026, we had an outstanding loan and bank acceptance bills with principal amounts and interests thereon of RMB305.3 million guaranteed by our Controlling Shareholders and their respective close associates. See "Financial Information – Related Party Transactions" and Note 36 of the Accountants' Report as set out in Appendix I to this document for more details. All such guarantees provided for our benefit by our Controlling Shareholders and their respective close associates will be fully discharged prior to the **[REDACTED]**.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates (excluding our Group).

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest between our Group and our Controlling Shareholders:

- our Controlling Shareholders will confirm the status of his non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operation and market information and any other necessary information as required by our Company;

- our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;

- our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;

- any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;

- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;

- in the event of any potential conflict of interests at the shareholders' level, our Controlling Shareholders shall abstain from voting at the Shareholders' meeting of our Company with respect to the relevant resolutions; and

- we have appointed Innovax Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the **[REDACTED]**.

OVERVIEW

Prior to the **[REDACTED]**, we have entered into certain transactions with a party who will, upon the **[REDACTED]**, become connected person (as defined under Chapter 14A of the Listing Rules) of our Company. Details of such continuing connected transactions are set out below.

The table below sets forth a party who will become our connected person upon the **[REDACTED]** and the nature of its relationships with our Company.

Connected Person	Connected Relationship
OFILM	OFILM is controlled by Dr. Cai, a non-executive Director and chairman of the Board and a Controlling Shareholder. Dr. Cai, together with other acting-in-concert entities, held 9.13% of the equity interest in OFILM and has legal and management control over OFILM. Therefore, OFILM is an associate of Dr. Cai, and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules.
Jiangxi Xinfei New Materials Co., Ltd (江西新菲新材料有限公司) ("**Jiangxi Xinfei**")	Jiangxi Xinfei is owned as to 70.73% by Ganjiang New Area Xinqisheng Enterprise Management Center (Limited Partnership) (贛江新區新祺盛企業管理中心(有限合夥)), where Shenzhen Hezheng, a company wholly owned by Dr. Cai, is the general partner; and 29.27% by Jiangxi Zhanyao Microelectronics Co., Ltd (江西展耀微電子有限公司), a company wholly owned by OFILM. Therefore, Jiangxi Xinfei is an associate of Dr. Cai and a connected person of the Company under Rule 14A.07 of the Listing Rules.

NON-EXEMPT AND PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following table sets forth a summary of our non-exempt and partially-exempt continuing connected transactions upon the **[REDACTED]**:

Transactions	Applicable Listing Rules	Waivers sought	Proposed annual caps for the year ending December 31,		
			2026	2027	2028
			RMB in millions		
Non-exempt continuing connected transactions					
Motor Supply Framework Agreement	14A.35, 14A.36, 14A.46, 14A.105	Reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules	1,150	1,200	1,300
Partially-exempt continuing connected transactions					
Raw Materials Procurement Framework Agreement	14A.76(2) and 14A.105	Reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules	40	50	60

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Motor Supply Framework Agreement

Principal Terms

On [•] 2026, we entered into the Motor Supply Framework Agreement with OFILM, pursuant to which, we agreed to provide, and OFILM agreed to purchase, our products, including motors ("**Products**").

The Motor Supply Framework Agreement has an initial term commencing from the **[REDACTED]** till December 31, 2028. Subject to compliance with the Listing Rules and applicable laws and regulations, the Motor Supply Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term. Upon renewal of the Motor Supply Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

Historical Transaction Amounts

The following table sets forth the historical transaction amounts of the supply of Products by us to OFILM during the Track Record Period:

	For the year ended December 31,			For the four months ended April 30,
	2023	2024	2025	2026
Historical Transaction Amount *(RMB in million)*	324.0	431.9	594.4	289.8

Annual Caps

The proposed annual caps for the transaction amounts under the Motor Supply Framework Agreement are set out below:

	For the year ending December 31,		
	2026	2027	2028
Proposed Annual Cap *(RMB in million)*	1,150	1,200	1,300

Basis of Annual Cap

The proposed annual caps for the three years ending December 31, 2028, representing the estimated total amounts payable by OFILM as set out above, are determined with reference to:

(a) the historical transaction amounts, including the type of motors and the unit price of the motors, supplied to OFILM during the Track Record Period;

(b) the end customers have the sole discretion to decide the downstream module manufacturers of their products and electronic devices, and to whom motors of the Company should be supplied. In a typical imaging project, the end customer first defines the product roadmap and camera performance requirements for a new product. It then chooses and approves suitable candidate motor suppliers and camera module manufacturers. If we are selected, we work closely with the end customers and its designated camera module manufacturers, such as OFILM, to fine-tune the motor's specifications and design;

In respect of the proposed annual cap for FY2026, it is projected based on (i) the continuation of existing cooperation projects, (ii) the addition of newly secured projects with end customers in 2026 and (iii) a reasonable buffer. For the existing corporation projects, the sales revenue is expected to amount to approximately RMB392.7 million, which accounted for 34.2% of the proposed annual cap under the Motor Supply Framework Agreement for FY2026. These projects are mainly orders from five existing end customers, namely Customer B, End Customer A, End Customer B, End Customer D and End Customer E, and the products to be supplied are periscope motors, closed-loop motors, open-loop motors, OIS motors and other motors. For the newly secured projects, two end customers, both of which are existing customers of the Group, have designated OFILM as the module manufacturer for certain additional projects commencing from FY2026, under which the Group will supply its products to such end customers through OFILM. As a result, the transaction amounts with OFILM are expected to increase due to the addition of these projects, which, together with projects for other customers, are expected to generate an aggregate project sales revenue of approximately RMB664.4 million in 2026, which accounted for approximately 57.8% of the proposed annual cap under the Motor Supply Framework Agreement for FY2026 and the substantial majority of which is attributable to projects from these two end customers. These two end customers comprise End Customer A and End Customer B. The designated new projects mainly involve imaging motors such as closed-loop motors, OIS motors and periscope motors. In respect of the proposed annual cap for FY2026, 41.23% is supported by confirmed orders, which comprises revenue recognized from customers from January to April 2026 and confirmed sales orders for which the products had not been delivered as of April 30, 2026, and 56.51% is supported by indicative orders, which comprises customers' forecast demand for the second half of 2026. We set out below the percentage of estimated sales for FY2026, estimated as of April 30, 2026, that is (i) supported by confirmed and indicative orders or contracts and (ii) attributable to the continued cooperation on confirmed backlog projects for each of the major end customers of the Company.

	% of estimated sales contribution from indicative orders or contracts[Note 2]	**% of estimated sales contribution from the continued cooperation on confirmed backlog projects**[Note 3]
Customer B	90.02%[Note 4]	22.67%
End Customer A	81.45%[Note 4]	30.41%
End Customer B	104.51%[Note 4]	51.09%
End Customer D	106.88%[Note 4]	100.00%
End Customer E	115.38%[Note 4]	43.62%

Note:

1. For identities of these customer and end customers, please refer to the notes set out in "Business – Marketing, Sales and Customers – Our End Customers".

2. The percentages are calculated by dividing the estimated sales attributable to confirmed and indicative orders or contracts from the relevant major end customer by the total estimated sales attributable to that customer for FY2026.

3. The percentages are calculated by dividing the estimated sales attributable to confirmed backlog projects from the relevant major end customer by the total estimated sales attributable to that customer for FY2026.

4. End Customers B, D and E exceed 100% as the numerator includes (i) revenue recognized from such customers from January to April 2026, (ii) confirmed sales orders for which the products had not yet been delivered as of April 30, 2026, which generally cover one to three months of forward demand depending on the customers' ordering patterns, and (iii) such customers' forecast demand for the second half of 2026. Different customers have different sales orders placing patterns, ranging from one to three months of advance sales orders. As End Customers B, D and E generally place sales orders of more than two months in advance, therefore their estimated sales contribution percentages exceeding 100%. On the other hand, Customer B and End Customer A generally place sales orders of less than two months in advance, therefore their estimated sales contribution percentages are less than 100%.

In respect of the proposed annual caps for FY2027 and FY2028, they are determined with reference to the projected total revenue and the historical revenue contribution from OFILM, taking into consideration the rapid product upgrading cycles and frequent model replacements in the customer electronics industry. Therefore it is expected that the transaction volumes between the Company and OFILM will increase for the three financial years ending December 31, 2028; and

(c) it is expected that the demands for customer electronics sector products, such as smartphones, and handheld imaging devices, will increase significantly, and thus increases the demand for motors. End customers increasingly view motors not as procured components but as critical integrated systems that define end-product functionality. According to Frost & Sullivan, the micro motor market in China grew significantly from USD9.2 billion in 2020 to USD15.0 billion in 2025, and is forecast to reach USD23.6 billion by 2030.

Pricing Policies

The fees for the Products provided by our Company to OFILM, as well as independent customers, are determined through an independent tendering and bidding or quotation process conducted by the end customer. In a typical project, the end customer specifies the products specifications and pricing requirements and conducts an independent tendering, bidding or quotation process, either through the end customer's internal procurement platform or through direct commercial negotiations. In this respect, the role of OFILM as a module manufacturer does not affect the price determination mechanism, as the pricing is primarily determined by the end customer. When preparing the tender or bid proposals to the end customers, the Company makes reference to the internal pricing guide which takes into account of prevailing tender requirements, comparable market pricing, raw material and manufacturing costs, production complexity and our available capacity and order backlog. The Group has established a comprehensive pricing management mechanism pursuant to its Sales Management Policy (銷售管理制度). Pricing is determined based on a market-oriented approach, taking into account the Group's product costs and expected profit margin. For new projects, the sales and service department initiates the quotation process, with input from the manufacturing, sourcing and procurement department, and operation management department. Once the price is confirmed, the sales and service department prepares and issues a formal quotation, which is subject to internal review and shall be finalized upon the approval of the head of the finance department. Any subsequent price reduction after the quotation has been issued must undergo a formal approval process. The pricing process consistently incorporates input from key departments, including research and development, marketing and sales, and senior management to ensure that the transactions are conducted on normal commercial terms or better than sales to other independent customers for a same end customer and in the ordinary and usual course of business. The Group adopts the same pricing policy and internal pricing guide for sales to OFILM and independent customers.

In addition, OFILM, as a company listed on the Shenzhen Stock Exchange, is also subject to applicable PRC rules, regulations and A-share listing rules to ensure that the terms for transactions with our Group under the Motor Supply Framework Agreement are fair and reasonable.

In light of the above, our Directors believe that the Products provided by our Company to OFILM have been and will be conducted in the ordinary and usual course of business of our Company, on an arm's length basis and on normal commercial terms or better than sales to independent customers for a same end customer.

Listing Rules Implications

OFILM is controlled by Dr. Cai, a non-executive Director and chairman of the Board. Dr. Cai, together with other acting-in-concert entities, held 9.13% of the equity interest in OFILM and has legal and management control over OFILM. As such, OFILM is a connected person of the Company under Rule 14A.07 of the Listing Rules. As the applicable percentage ratios (other than the profit ratio) for the transactions contemplated under the Motor Supply Framework Agreement is expected to be more than 5% on an annual basis, the transactions conducted under the Motor Supply Framework Agreement are continuing connected transactions and will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for and benefits of the Transaction

We have continued procurement relationship with OFILM primarily because (i) the end customers have the sole discretion to decide their preferred upstream motor supplier and upstream module manufacturer. In addition, the quantities and qualities of the motors to be procured by the module manufacturer are determined by the end customers, (ii) both OFILM and our Company are leading enterprises in their respective industries, it is unavoidable for end customers to select OFILM and our Company as the designated motor supplier and module manufacturer. OFILM is a leading module manufacturer that has over 20 years of industry experience specializing in high-precision optical components and modules manufacturing; while our Company is a major micro motor manufacturer, engaged in the design, R&D, manufacturing and sales of miniature drive motors; (iii) the prices and terms for the Products provided by the Company to OFILM are similar to those offered to independent third parties, or no more favourable than those offered by us to third parties.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

2. Raw Materials Procurement Framework Agreement

Principal Terms

On [•] 2026, we entered into the Raw Materials Procurement Framework Agreement with Jiangxi Xinfei, pursuant to which, we agreed to purchase, and Jiangxi Xinfei agreed to supply, certain raw materials used in our motor production including spring plates ("**Raw Materials**").

The Raw Materials Procurement Framework Agreement has an initial term commencing from the **[REDACTED]** till December 31, 2028. Subject to compliance with the Listing Rules and applicable laws and regulations, the Raw Materials Procurement Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term. Upon renewal of the Raw Materials Procurement Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

Historical Transaction Amounts

The following table sets forth the historical transaction amounts paid by us to Jiangxi Xinfei for the procurement of Raw Materials during the Track Record Period:

	For the year ended December 31,			For the four months ended April 30,
	2023	2024	2025	2026
Historical Transaction Amount *(RMB in million)*	10.5	42.0	41.2	9.0

Annual Caps

The proposed annual caps for the transaction amounts under the Raw Materials Procurement Framework Agreement are set out below:

	For the year ending December 31,		
	2026	**2027**	**2028**
Proposed Annual Cap *(RMB in million)*	40	50	60

Basis of Annual Cap

The proposed annual caps for the three years ending December 31, 2028, representing the estimated total amounts payable by our Company as set out above, are determined with reference to:

(a) the historical transaction amounts during the Track Record Period, covering the procurement volume, unit prices and types of raw materials sourced from Jiangxi Xinfei;

(b) the expected steady or increase in revenue and production scale of our Group and corresponding consumption of the Raw Materials; and

(c) a reasonable buffer for potential price fluctuations driven by inflation, market supply conditions, and changes in the supplier's key cost factors, such as direct materials, direct labor, and energy consumption.

Pricing Policies

The fees for the Raw Materials provided by Jiangxi Xinfei to our Company are determined (i) through an independent pricing comparison conducted by our Company and (ii) internal pricing guide which takes into account of comparable market pricing, and the cost and expenses of our Company.

The price shall be charged based on the unit price in respect of the type and specifications of the raw materials supplied and the corresponding procurement volume. The pricing process consistently incorporates input from key departments, including procurement, research and development, cost management and senior management, to ensure that the transactions are conducted on normal commercial terms or better and in the ordinary and usual course of business.

In light of the above, our Directors believe that the Raw Materials provided by Jiangxi Xinfei to our Company has been and will be conducted in the ordinary and usual course of business of our Company, on an arm's length basis and on normal commercial terms or better.

Listing Rules Implications

Jiangxi Xinfei is owned as to 70.73% by Ganjiang New Area Xinqisheng Enterprise Management Center (Limited Partnership) (贛江新區新祺盛企業管理中心(有限合夥)), which Shenzhen Hezheng, a company wholly owned by Dr. Cai, is the general partner, and 29.27% by Jiangxi Zhanyao Microelectronics Co., Ltd (江西展耀微電子有限公司), a company wholly owned by OFILM. Therefore, Jiangxi Xinfei is a connected person of the Company under Rule 14A.07 of the Listing Rules.

As the applicable percentage ratios (other than the profit ratio) for the transactions contemplated under the Raw Materials Procurement Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Raw Materials Framework Procurement Agreement are continuing connected transactions and will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for and benefits of the Transaction

We have continued procurement relationship with Jiangxi Xinfei primarily because (i) the prices and terms for the Raw Materials provided by the Jiangxi Xinfei to our Company are similar to those offered to independent third parties; (ii) spring plates are important components of motors; and (iii) Jiangxi Xinfei is a company that specialized in the manufacturing and sale of precision components and functional materials for consumer electronics industries, including camera module-springs used in voice-coil motors. Jiangxi Xinfei's supply capability helps ensure stable and reliable sourcing of specific raw materials needed for motor manufacturing and support our production continuity. Accordingly, the procurement of the Raw Materials from Jiangxi Xinfei is beneficial to the Group's operations and long-term development.

INTERNAL CONTROL MEASURES

In order to ensure that the transactions will be carried out pursuant to the terms of the Motor Supply Framework Agreement and the Raw Material Procurement Framework Agreement, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules, the Group has adopted the following measures:

(a) the prices of the Products and Raw Materials are set with reference to the prevailing prices of the comparable products provided during the same period and as such, the selling prices are subject to the same pricing policies as that of the Group with respect to our direct sale to other independent third parties customers. This would ensure that the selling prices would not be less favourable than those available from independent third parties;

(b) the prices of the Products and Raw Materials are negotiated on arm's length basis through either independent tendering, bidding or quotation conducted by end customer or our Company or price comparison process and with reference to the prices of relevant comparable Products and Raw Materials quoted from independent third parties;

(c) our Company will supervise the continuing connected transactions in accordance with the procedures set forth in the Company's internal control manual on continuing connected transactions. The finance department of the Group will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the above pricing policies;

(d) our Company's external auditors will conduct an annual review on the pricing and the annual caps of the continuing connected transactions;

(e) our Audit Committee will review at least once a year the analysis reports and the improvement measures prepared by our senior management based on the implementation of the continuing connected transactions by the Group; and

(f) the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions.

CONFIRMATION OF DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that (i) the Motor Supply Framework Agreement, the Raw Materials Procurement Framework Agreement and the transactions contemplated thereunder set out above are entered into in the ordinary and usual course of our business on normal commercial terms or better which are fair and reasonable and in the interests of our Group and our Shareholders as a whole; and (ii) the proposed monetary annual caps in respect of the Motor Supply Framework Agreement and the Raw Materials Procurement Framework Agreement are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

CONFIRMATION OF THE JOINT SPONSORS

Having considered the above, the Joint Sponsors are of the view that (i) the Motor Supply Framework Agreement, the Raw Materials Procurement Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of our Company on normal commercial terms or better which are fair and reasonable, and in the interests of our Company and the Shareholders as a whole; and (ii) the proposed monetary annual caps in respect of the Motor Supply Framework Agreement and the Raw Materials Procurement Framework Agreement are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

WAIVER APPLICATION FOR NON-EXEMPT AND PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The transactions described under the sub-section entitled "– Non-exempt and partially-exempt Continuing Connected Transactions" in this section constitute our continuing connected transactions under the Listing Rules, pursuant to which the transactions contemplated under the Motor Supply Framework Agreement will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements of the Listing Rules and the transactions contemplated under the Raw Materials Framework Procurement Agreement will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent Shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers exempting us from strict compliance with (i) the reporting, annual review, announcement and independent Shareholders' approval requirements of the Listing Rules in respect of the continuing connected transactions as disclosed in "Non-exempt Continuing Connected Transactions" in this section and (ii) the reporting, annual review and announcement requirements of the Listing Rules in respect of the continuing connected transactions as disclosed in "Partially-exempt Continuing Connected Transactions" in this section, subject to the conditions that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

BOARD OF DIRECTORS

Upon **[REDACTED]**, the Board consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets out information in respect of the Directors:

Name	Age	Date of joining the Group	Date of appointment as a Director	Position	Responsibilities
Executive Directors					
Cai Zhenpeng (蔡振鹏)	39	November 2016	November 2017	Executive Director, vice chairman of the Board and chief executive officer	Responsible for the overall corporate strategy, management and business development of the Group
Zhao Wei (趙偉)	44	March 2025	July 2025	Executive Director and general manager	Responsible for the overall strategic planning, business operation and market expansion, sales and customer relationship management, as well as production and delivery of the Group
Wang Zaiwei (王在偉)	65	May 2018	December 2020	Executive Director and chief technology officer	Responsible for formulating and implementing the Company's technology strategy, leading the research and development department to drive product innovation and ensuring the long-term sustainability of development of the Group
Non-Executive Director					
Cai Rongjun (蔡榮軍)	53	December 2025	December 2025	Non-executive Director and chairman of the Board	Responsible for supervising and providing professional judgement to the Board
Independent Non-Executive Directors					
Su Haibin (蘇海斌)	53	December 2025	December 2025	Independent non-executive Director	Responsible for supervising and providing professional independent judgement and opinion to the Board
Wong Yan Ki Angel (黃欣琪)	54	December 2025	December 2025	Independent non-executive Director	Responsible for supervising and providing professional independent judgement and opinion to the Board

Name	Age	Date of joining the Group	Date of appointment as a Director	Position	Responsibilities
Leung Ming Yan (梁銘欣)	58	December 2025	December 2025	Independent non-executive Director	Responsible for supervising and providing independent judgement and opinion to the Board

(1) Mr. Cai Zhenpeng (蔡振鵬) is the nephew of Dr. Cai Rongjun (蔡榮軍), a non-executive Director of our Group. To the best knowledge of the Directors, save as disclosed below, there are no other family or material relationships among the Directors and senior management.

Executive Directors

Mr. Cai Zhenpeng (蔡振鵬), aged 39, is an executive Director, vice chairman of the Board and the chief executive officer. He joined our Group in November 2016 and was appointed as a Director in November 2017 and had been primarily responsible for overall corporate strategy, management and business development of our Group. Mr. Cai also holds directorships and senior positions in other companies within our Group.

Mr. Cai has experience in corporate operation, technology management and strategic investment. Mr. Cai has been the general partner of Jiashan Changxin Zhitou Asset Management Partnership (Limited Partnership)* (嘉善長鑫智投資產管理合夥企業(有限合夥)) since August 2018. He has served as the general partner of Shenzhen Changxin since December 2020 and the general partner of Hefei Jiatou since July 2022. He has also served as the manager and director of Jiaxing Zhengtong Electronic Technology Co., Ltd.* (嘉興市正同電子科技有限公司) since April 2022.

Mr. Cai obtained his bachelor's degree in statistics from South China Agricultural University (華南農業大學), the PRC, in July 2009, and further obtained his master's degree in industrial engineering from Northeastern University, the United States, in August 2011. He was qualified as a senior engineer in electronic information in the PRC in August 2022.

Mr. Zhao Wei (趙偉), aged 44, is an executive Director and the general manager. He is primarily responsible the overall strategic planning, business operation and market expansion, sales and customer relationship management, as well as production and delivery of the Group. Mr. Zhao joined our Group in March 2025 and was appointed as a Director in July 2025.

Mr. Zhao has extensive experience in the optoelectronics and intelligent manufacturing industries. From March 2005 to February 2023, he served various positions at OFILM, a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002456.SZ). From September 2014 to November 2017, he served as a supervisor. From November 2017 to November 2020, he served as a director. From March 2020 to June 2020, he served concurrently as a director and the general manager. From June 2020 to November 2021, he served concurrently as the general manager and the chairman of the board. From November 2021 to February 2023, he served concurrently as the vice chairman and the general manager. He was responsible for the overall operation and management of OFILM's core optoelectronic product business and the implementation of OFILM's strategic development plans.

From June 2023 to February 2025, he served as the president of Liaoning Zhonglan Electronic Technology Co., Ltd.* (遼寧中藍電子科技有限公司), primarily engaged in the manufacturing of computers, communications and other electronic equipment. Since March 2025, Mr. Zhao has been serving as the general manager of our Company.

Mr. Zhao obtained his bachelor's degree in packaging engineering from Wuhan Industrial College (武漢工業學院) (now known as Wuhan Polytechnic University (武漢輕工大學)), the PRC, in June 2004.

Mr. Wang Zaiwei (王在偉), aged 65, is an executive Director and the chief technology officer. He is primarily responsible for formulating and implementing the Company's technology strategy, leading the research and development department to drive product innovation and ensuring the long-term sustainability of development of our Group. Mr. Wang joined our Group in May 2018 as chief technology officer and was appointed as a Director in December 2020.

Mr. Wang has extensive experience in the micro motor industry. Prior to joining our Group, he held management positions at several micro motor manufacturers, including serving as the general manager of Ningbo JCT Electronics Co., Ltd. (寧波金城泰電子有限公司) and as the deputy general manager at Shanghai AWA Seimitsu Electric Co., Ltd.* (上海安和精密電子電器有限公司) (currently known as AWA Seimitsu Electric Co., Ltd.* (上海安和精密電子電器股份有限公司)). Prior to that, he also served as the technical director of VCM in charge of technological development at Sankyo Precision (Huizhou) Co., Ltd.* (惠州三協精密有限公司). Mr. Wang has been serving as the chief technology officer of our Company since May 2018.

Mr. Wang obtained his bachelor's degree in automatic control from Shanghai Jiao Tong University (上海交通大學), the PRC, in July 1983. He was qualified as a senior engineer in the PRC in December 2011.

Non-executive Director

Dr. Cai Rongjun (蔡榮軍), aged 53, is a non-executive Director and the chairman of the Board. He is primarily responsible for supervising and providing professional judgement to the Board. Dr. Cai joined our Group and was appointed as a Director in December 2025.

Dr. Cai has over 20 years of experience in corporate management, investment operation and business development, and extensive industry knowledge in the optoelectronic industry. He also holds and/or has held the following roles in the companies below:

Company	Position	Period of Service
OFILM	General manager Chairman of the board	August 2002 to September 2004 October 2004 to June 2020; November 2021 to current
Shenzhen Oufei Investment Holding Co., Ltd.* (深圳市歐菲投資控股有限公司)	Executive director and the general manager	Since April 2004
Vertilite Co., Ltd. (常州縱慧芯光半導體科技有限公司)	Director	August 2018 to May 2023
Nanjing RegeneCure Bio-technology Co., Ltd. (南京瑞吉科生物科技有限公司)	Chairman of the board	Since January 2016
Shenzhen Hezheng	Executive director	Since November 2020
Xinfei Communication Technology Co., Ltd.* (新菲光通信技術有限公司)	Director	Since November 2022
Anhui Oufei Intelligent Vehicle Connection Technology Co., Ltd.* (安徽歐菲智能車聯科技有限公司)	Chairman of the board	Since January 2024
Anhui Ousiwei Technology Co., Ltd.* (安徽歐思微科技有限公司)	Director	Since November 2024

Dr. Cai obtained his bachelor's degree in electronic precision instruments from Shantou University (汕頭大學), the PRC in June 1995. He further obtained his degree of Doctor in business administration from University of Minnesota, the United States, in May 2024.

Independent Non-executive Directors

Dr. Su Haibin (蘇海斌), aged 53, is an independent non-executive Director. He joined our Group and was appointed as an independent non-executive Director in December 2025. He is responsible for supervising and providing professional independent judgement and opinion to our Board.

Dr. Su has over 10 years of experience in chemical science. His research focuses on the development and application of theoretical and computational molecular science, quantum-mechanical and classical simulations and modeling of electronic, structural, energetic and kinetic properties of functional materials, as well as data-driven molecular and materials discovery empowered by generative AI.

Dr. Su has been a professor in the Department of Chemistry and a director of the IAS Center for AI for Scientific Discoveries at The Hong Kong University of Science and Technology since October 2025. He has been serving at the Hong Kong University of Science and Technology since 2019. Prior to that, he worked at Nanyang Technological University, where he conducted academic research and published multiple articles, primarily focusing on molecular dynamics simulation, functional materials, and related materials science topics.

Dr. Su obtained his bachelor's degree in inorganic materials in the department of materials science and engineering from Zhejiang University (浙江大學), the PRC, in June 1995. He further obtained his Ph.D. in materials science from the State University of New York, the United States, in December 2002.

Ms. Wong Yan Ki Angel (黃欣琪), aged 54, is an independent non-executive Director. She joined our Group and was appointed as an independent non-executive Director in December 2025. She is responsible for supervising and providing professional independent judgement and opinion to our Board.

Ms. Wong has over 30 years of experience in accounting, auditing, corporate finance and capital market. Ms. Wong joined Kwan Wong Tan & Fong in October 1995, which later merged with Deloitte Touche Tohmatsu in August 1997, and resigned from Deloitte Touche Tohmatsu in November 1999. She later served a number of roles at Great East Packaging Holdings Limited (偉東包裝製品集團有限公司) from October 1999 to March 2003, including group financial controller and assistant finance manager. Between April 2003 and December 2007, she held various positions at Benefit Capital Limited (百富達融資有限公司) including the vice president and an executive director. From April 2005 to November 2005, she also acted as the chief financial officer of Shengda (Group) Holdings Ltd (勝達國際控股有限公司). Since November 2007, Ms. Wong has been an executive director of Advanced Capital Limited (匯財資本有限公司), where she is responsible for operation management and major decisions.

Currently, Ms. Wong is an independent non-executive director in (i) Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300558.SZ), since January 2021; (ii) Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司), a company listed on the Stock Exchange (stock code: 9663.HK), since October 2022; (iii) Henan Jinyuan Hydrogenated Chemicals Co., Ltd. (河南金源氫化化工股份有限公司), a company listed on the Stock Exchange (stock code: 2502.HK), since October 2023; (iv) Alphamab Oncology (康寧傑瑞生物製藥), a company listed on the Stock Exchange (stock code: 9966.HK), since June 2025, respectively.

Previously, Ms. Wong also held directorships in various public companies listed in different regions. From August 2009 to January 2011, she served as a non-executive director of Esmart Holdings Limited (currently known as Duty Free International Limited), a company listed on The Stock Exchange of Singapore (stock code: DutyFree), during which she acted as the chairlady of the board from February 2010 to January 2011. Ms. Wong served as an independent non-executive director of the below companies: (i) China Best Group Holding Limited (國華集團控股有限公司) (currently known as Hong Kong Robotics

Group Holding Limited (港仔機器人集團控股有限公司), a company listed on the Stock Exchange (stock code: 0370.HK), from June 2011 to September 2014; (ii) Oriental Unicorn Agricultural Group Limited (東麟農業集團有限公司) (currently known as China Demeter Financial Investments Limited (國農金融投資有限公司)), a company listed on the GEM of the Stock Exchange (stock code: 8120.HK), from October 2011 to May 2013; (iii) Hengxing Gold Holding Company Limited (恆興黃金控股有限公司), a company listed on the Stock Exchange (stock code: 2303.HK, which was privatized and delisted in February 2021), from March 2013 to February 2021; (iv) China Shengda Packaging Group Inc. (中國勝達包裝集團有限公司), a company listed on the Nasdaq Stock Exchange (stock code: CPGI, which was privatized and delisted in September 2015), from August 2014 to September 2015; (v) BIT Mining Limited (formerly known as 500.com Limited), a company listed on the New York Stock Exchange (stock code: BTCM), from November 2015 to April 2023; (vi) China Public Procurement Limited (中國公共採購有限公司) (currently known as Cherish Sunshine International Limited (承輝國際有限公司)), a company listed on the Stock Exchange (stock code: 1094.HK), from December 2015 to July 2018; (vii) Yuhua Energy Holdings Limited (裕華能源控股有限公司) (currently known as Jintai Energy Holdings Limited (金泰能源控股有限公司)), a company listed on the Stock Exchange (stock code: 2728.HK), from November 2016 to December 2018; (viii) Miko International Holdings Limited (米格國際控股有限公司), a company listed on the Stock Exchange (stock code: 1247.HK), from July 2017 to July 2018; and (ix) Many Idea Cloud Holdings Limited (多想雲控股有限公司), a company listed on the Stock Exchange (stock code: 6696.HK), from October 2022 to June 2025, respectively.

Ms. Wong obtained a Bachelor of Economics in international accounting, from Xiamen University (廈門大學), the PRC, in July 1994, a post-graduate certificate in professional accounting from the City University of Hong Kong in November 2000 and an executive master's degree of business administration from Cheung Kong Graduate School of Business (長江商學院), the PRC, in October 2009. Ms. Wong obtained certificates of follow-up training courses for independent directors of listed companies from the Shenzhen Stock Exchange in May 2022 and September 2024, and also obtained the pre-appointment training certificate for STAR Market independent directors from the Shanghai Stock Exchange in April 2023. Ms. Wong has been admitted as a member or fellow member of several associations. Ms. Wong has been successively admitted as a fellow member of the Institute of Financial Accountants in the United Kingdom (IFA) (英國財務會計師公會) since October 2003, a fellow member of the Society of Registered Financial Planners in Hong Kong (HKRFP) (註冊財務策劃師協會) since November 2003, a fellow member of the Hong Kong Institute of Directors (HKIoD) (香港董事學會) since November 2025 (member of HKIoD since November 2014), a fellow member of the Institute of Public Accountants (FIPA) (澳洲公共會計師協會資深會員) since April 2015, a founding member of the Hong Kong Independent Non-Executive Director Association (HKiNEDA) (香港獨立非執行董事協會) since January 2016, a fellow member of CPA Australia (FCPA Aust.) (澳洲會計師公會) since May 2017, a member of the Guangdong Association of Management Accountants (廣東省管理會計師協會) since December 2017, a member of the Association of Chinese Internal Auditors in Hong Kong (ACIA) (香港華人內部審計師公會) since April 2022 and a Certified Chinese Internal Auditor in July 2025, and a fellow member of the Institute of Certified Management Accountant (CMA Aust.) (澳大利亞註冊管理會計師協會) since October 2024, respectively.

Mr. Leung Ming Yan (梁銘欣), aged 58, is an independent non-executive Director. He joined our Group and was appointed as an independent non-executive Director in December 2025. He is responsible for supervising and providing professional independent judgement and opinion to our Board.

Since June 2024, Mr. Leung has served as the head of advanced Robotics and Communication Systems Engineering Department in Maple Electronics Inc. He was appointed as an assistant director and an assistant manager in The Hong Kong Science and Technology Parks Corporation in July 2022 and in May 2016, respectively. From March 2010 to February 2014, he served as the chief technology officer in Atlantic Components Ltd. In January 2000, he was employed as the chief architect officer in Real Vision Technology Limited. In December 1997, he served as a product support manager in Tech-Trans Group. In June 1994, he served as a system support in Three Principles Computer Service Co. Ltd. In August 1992, he was employed as a system architect in SprintWare International Ltd.

Mr. Leung completed postgraduate coursework in Wuhan University of Technology (武漢理工大學), the PRC, and obtained his master's degree in engineering management from University of Technology, Sydney, Australia, in May 2006. He has also been an education doctor candidate in the University of Hong Kong since September 2018. Mr. Leung was admitted as a member of the Hong Kong Institution of Engineers in October 2023.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age	Date of joining the Group	Date of appointment as a senior management	Position	Responsibilities
Cai Zhenpeng (蔡振鵬)	39	November 2016	December 2020	Executive Director, vice chairman of the Board and chief executive officer	Responsible for the overall corporate strategy, management and business development of the Group
Zhao Wei (趙偉)	44	March 2025	March 2025	Executive Director and general manager	Responsible for the overall strategic planning, business operation and market expansion, sales and customer relationship management, as well as production and delivery of the Group
Wang Zaiwei (王在偉)	65	May 2018	May 2018	Executive Director and chief technology officer	Responsible for formulating and implementing the Company's technology strategy, leading the research and development department to drive product innovation and ensuring the long-term sustainability of development of the Group
Wu Yang (伍揚)	36	August 2023	June 2024	Chief financial officer, secretary to the Board and one of the joint secretaries	Responsible for overseeing the financial management, securities and legal affairs and investor relations

Mr. Cai Zhenpeng (蔡振鵬), aged 39, is our executive Director, vice chairman of the Board and chief executive officer. For biography details of Mr. Cai, see "– Executive Directors" above.

Mr. Zhao Wei (趙偉), aged 44, is our executive Director and general manager. For biography details of Mr. Zhao, see "– Executive Directors" above.

Mr. Wang Zaiwei (王在偉), aged 65, is our executive Director and chief technology officer. For biography details of Mr. Wang, see "– Executive Directors" above.

Mr. Wu Yang (伍揚), aged 36, is our chief financial officer, the secretary to the Board and one of the joint company secretaries. He is primarily responsible for overseeing the financial management, securities and legal affairs and investor relations of our Group. Mr. Wu joined our Group in August 2023 and was appointed as the secretary to the Board in June 2024 and the chief financial officer in September 2024.

Mr. Wu has over 13 years of experience in auditing, accounting and financial management. From September 2012 to November 2022, he served as an audit manager in the audit department of Pan-China Certified Public Accountants* (天健會計師事務所) and as a director of public finance of OFILM from November 2022 to August 2023.

Mr. Wu has been serving in our Group since August 2023. From August 2023 to September 2024, Mr. Wu served as the assistant financial controller, focusing on financial internal control and corporate governance, as well as operating cost control and optimisation. From June 2024, Mr. Wu has been serving as the secretary to the Board. Since September 2024, he has served concurrently as the secretary to the Board and the chief financial officer of the Group. In December 2025, Mr. Wu was also appointed as one of the joint company secretaries of the Group, ensuring the Company's strict compliance, information disclosure, corporate governance and the operation of the Board.

Mr. Wu obtained his bachelor's degree in accounting from Anhui University of Finance and Economics (安徽財經大學), the PRC, in July 2012. He has been qualified as a certified public accountant in the PRC since April 2017.

Management

Our Management is responsible for technology and research and development of our business. The following table sets forth the key information about our management as of the Latest Practicable Date.

Name	Age	Date of joining the Group	Date of appointment as a management	Position	Responsibilities
Wei Hua (韋華)	38	September 2014	April 2018	Head of research and development department I	Responsible for the overall research, development and promotion of the Group's imaging products
Xu Fangmin (許方敏)	38	March 2018	March 2018	Head of production technology development department	Responsible for developing and implementing the Group's automation equipment, tooling and fixtures, testing solutions, optimizing production process and planning of production models, with the aim to improving production efficiency of the Group
Wang Ke (王可)	41	September 2020	September 2020	Head of research and development department II	Responsible for the overall research, development and promotion of the Group's non-imaging products

Mr. Wei Hua (韋華), aged 38, is our head of research and development department I (deputy general manager grade). He is primarily responsible for overseeing the research, development and promotion of the Group's imaging products.

Mr. Wei has over 16 years of experience in research and development. Mr. Wei joined our Group in September 2014 as an engineer and was promoted to a senior engineer in February 2017, where he was responsible for product design for various types of motors. From April 2018 to June 2025, he held various management positions in the research and development within the Group, primarily responsible for the design of high-end and flagship products. Since July 2025, he has served as the head of research and development department I, overseeing the research, development and promotion of the Group's imaging products and leading R&D activities across multiple research centers domestically and overseas.

Mr. Wei obtained his diploma in mechanical design, manufacturing and automation from East China University of Science and Technology (華東理工大學), the PRC, through long distance learning in July 2021. He is also qualified as an intermediate engineer in the PRC.

Mr. Xu Fangmin (許方敏), aged 38, is our head of production technology development department. He is primarily responsible for developing and implementing the Group's automation equipment, tooling and fixtures, testing solutions, optimizing production process and planning of production models, with the aim to improving production efficiency of our Group. Mr. Xu joined our Group in March 2018 as a manager of automation.

Mr. Xu has over 14 years of experience in the field of voice coil motor, with extensive expertise in motor design and production equipment development. Earlier in his career, he worked in Guangdong SACA Precision Manufacturing Co., Ltd. (廣東星徽精密製造股份有限公司), a company whose shares are listed on Shenzhen Stock Exchange (stock code: 300464.SZ), and principally engaged in the manufacturing of components for home furnishing products, supported by highly automated production lines, from July 2011 to May 2012, From July 2012 to March 2018, Mr. Xu served in TDK Xiamen Co., Ltd. (廈門TDK有限公司), which is principally engaged in electronic components and module manufacturing.

Mr. Xu joined our Group in March 2018 as a manager of automation and was subsequently promoted to a director of automation in April 2020. Since October 2022, Mr. Xu has served as the head of production technology development department in our Company. He is primarily responsible for overseeing the production technology development department and improving the Group's production efficiency, including the development and implementation of automation equipment, tooling and fixtures, testing solutions, the development, verification and implementation of product softwares, the design and development of manufacturing processes for new products, as well as industrial engineering functions.

Mr. Xu obtained his bachelor's degree in mechanical engineering and automation from Jiangxi University of Science and Technology (江西理工大學), the PRC, in July 2011. He holds professional qualifications in electrical engineering in the PRC and is also the inventor of one OIS-related patent and several equipment-related patents in the PRC.

Mr. Wang Ke (王可), aged 41, is our head of research and development department II. He is primarily responsible for the overall research, development and promotion of the Group's non-imaging product. Mr. Wang Ke joined our Group in September 2020 as the head of the stepping motor business division.

Mr. Wang Ke has over 18 years of experience in the field of mechanical manufacturing. Prior to joining our Group, he served at Shanghai Tokyo Micro Co., Ltd. (上海東舞精密部件有限公司), a company principally engaged in production of precision components and mechanical parts, as a manager in the technology department from September 2007 to September 2020.

From September 2020 to July 2025, he served as the head of the stepping motor business division of our Group, where he was responsible for customer development, product design, and quality control. Since July 2025, he has served as the head of research and development department II, overseeing the research, development and promotion of the Group's non-imaging products, including various motor products and related precision components.

Mr. Wang Ke obtained his bachelor's degree in mechanical engineering and automation from Changchun University (長春大學), the PRC, in July 2007.

JOINT COMPANY SECRETARIES

Mr. Wu Yang (伍揚), aged 36, is our joint company secretary. See "– Senior Management" above for details of biography for Mr. Wu Yang.

Ms. Ye Jiahong (叶嘉紅), aged 35, is our joint company secretary. She serves as an assistant manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. Ms. Ye has approximately seven years of experience in the corporate secretarial field, being an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Ye obtained a Bachelor of Arts degree in English (business management stream) from Jinan University (暨南大學), the PRC, in June 2013 and a Master of Arts degree in computer-aided translation from The Chinese University of Hong Kong in November 2014.

BOARD COMMITTEES

Audit Committee

Our Company has established an Audit Committee (with effect from the **[REDACTED]**) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Dr. Su Haibin, Ms. Wong Yan Ki Angel and Mr. Leung Ming Yan. Ms. Wong Yan Ki Angel has been appointed as the chairwoman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of our Group, and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company has established a Remuneration Committee (with effect from the **[REDACTED]**) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Remuneration Committee has three members, namely Dr. Cai, Dr. Su Haibin and Mr. Leung Ming Yan. Mr. Leung Ming Yan has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangements.

Nomination Committee

Our Company has established a Nomination Committee (with effect from the **[REDACTED]**) with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, namely Dr. Cai, Mr. Leung Ming Yan and Ms. Wong Yan Ki Angel. Dr. Cai is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. The Board Diversity Policy sets out the criteria for selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to business development, technology, corporate operation, investment operation, accounting, auditing, corporate finance and capital market. The Board is of the view that our Board satisfies the Board Diversity Policy. One of our Directors is a female. While we recognize that the gender diversity at our Board level can be improved given the majority of our Directors are male, we will continue to apply the appointment criteria based on competence and with reference to the overall diversity policy. Our Board will also ensure that an appropriate balance of gender diversity is achieved with reference to **[REDACTED]** expectations, and international and local recommended best practices.

To further ensure gender diversity on our Board in the long run, our Group will also identify and select several female individuals with a diverse range of skills, experience, and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our Nomination Committee periodically in order to develop a pipeline of potential successors to our Board to promote gender diversity of our Board. In addition to the Board level, we are also committed to promoting gender diversity at the senior management and all other levels of our Group by providing career development opportunities for female staff, making available to them knowledge and skills training in support of succession planning and ensuring future gender diversity can be achieved on the Board.

The Nomination Committee is responsible for reviewing the diversity of the Board. After **[REDACTED]**, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

None of our Directors had interests in any other companies as of the Latest Practicable Date that may, directly or indirectly, compete with our business and would require disclosure under Rule 8.10 of the Listing Rules.

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 on December 3, 2025, and (ii) understands his or her obligations as a director of a **[REDACTED]** company under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) that he/she had 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 appointment.

Interests of Directors and members of senior management

Except as disclosed in this Document, as of the Latest Practicable Date, each of the Directors and members of senior management (i) did not hold other positions in our Group as of the Latest Practicable Date; (ii) had no other relationship with any of the Directors and members of senior management as of the Latest Practicable Date; (iii) did not hold any other directorship and supervisor's position in listed companies in the three years prior to the Latest Practicable Date. For the Directors' interests in the Shares within the meaning of Part XV of the SFO, see "Appendix IV – Statutory and General Information."

Matters to be disclosed under Rule 13.51(2) of the Listing Rules

The First Incident

In August 2018, the Shenzhen CSRC issued a caution letter to Dr. Cai, the then and current chairman of OFILM, concerning a mis-recognition of certain performance commitment compensation payment of RMB220.2 million received from its controlling shareholder as non-operating income in its 2017 annual report, leading to an adjustment in OFILM's reported net profit for FY2017 from approximately RMB1,008.1 million to approximately RMB820.9 million ("**the First Incident**"). The First Incident concerns an acquisition by OFILM of 100% of the equity interests of Rongchuang Tianxia (Shanghai) Technology Development Co., Ltd. (融創天下(上海)科技發展有限公司) from Shenzhen Defang Investment Consulting Co., Ltd. (深圳德方投資諮詢有限公司) ("**Rongchuang Tianxia**"), a wholly-owned subsidiary of Shenzhen OFILM Investment Holdings Co., Ltd. (深圳市歐菲投資控股有限公司) ("**OFILM Investment**", a controlling shareholder of OFILM) in July 2015, pursuant to which OFILM Investment agreed to provide performance commitment compensation to OFILM if the net profit of Rongchuang Tianxia for FY2015, FY2016 and FY2017 falls below certain monetary threshold. In May 2018, as Rongchuang Tianxia's net profit fall short of the guaranteed amount, OFILM received a performance compensation payment of RMB220.2 million from its controlling shareholder, which was incorrectly recognized as non-operating income due to an accounting error. The regulatory action was taken with reference to Article 2, Article 58 and Article 59 of the then-effective Measures for the Administration of Information Disclosure by Listed Companies (上市公司信息披露管理辦法).

The Second Incident

In September and December 2019, Dr. Cai received a caution letter from the Shenzhen CSRC, and subsequently a public censure made by the SZSE, concerning OFILM's 2018 third-quarter performance report, 2018 annual performance express, 2019 first-quarter performance forecast and, in respect of the caution letter, the information disclosure management system of OFILM. The 2018 third-quarter performance report and performance express published on January 31, 2019 forecasted an annual net profit attributable to the shareholders for FY2018 in the range of RMB1.80 billion to RMB2.05 billion, and RMB1.839 billion, respectively, which differed from the audited net loss of RMB519.0 million as disclosed in the annual report for FY2018, and rectification of such forecast was not timely made (the "**Second Incident**"). The Second Incident concerns a net increase in inventory impairment provision of approximately RMB1.54 billion, primarily attributable to increased impairment provisions for raw materials and finished goods of RMB690 million and RMB816 million, respectively. In addition, OFILM did not make a timely supplemental recognition of production costs of RMB928 million for FY2018. The internal organization restructuring and the continuing business expansion of OFILM also resulted in administrative oversight and reduced effectiveness of inventory monitoring. Both the inaccurate inventory impairment and production costs were identified during the subsequent comprehensive annual audit process. The adverse market developments severely impacted the financials of OFILM which resulted in OFILM not issuing its 2018 annual forecast rectification announcement and its 2019 first-quarter performance forecast in a timely manner. OFILM's touchscreen business was affected by structural changes in the industry during the relevant period. According to Frost & Sullivan, from late 2016 to 2018, the three principal technological routes applied in touch display products, namely out-cell, in-cell and on-cell solutions, co-existed and continued to compete in the market, with relative adoption fluctuating over time in response to evolving technological developments and customer preferences. The market remained dynamic and no clear consensus had emerged as to which technological route would ultimately prevail. Although in-cell touch display products gradually increased their penetration into mid-to-low-end products in the second half of 2018, such industry changes did not immediately result in any material adverse impact on OFILM's business performance. For FY2018, OFILM recorded revenue of RMB43,043 million, representing an increase of 27.38% as compared to FY2017. Revenue from optical products amounted to RMB24,439 million, representing an increase of 46.94% year-to-year, while revenue from touch products amounted to RMB12,919 million, representing an increase of 14.44% year-to-year. In addition, OFILM's sales performance of touch display products maintained a steady upward trend in each quarter of 2018. Accordingly, based on the information then available, including customers' demand forecasts, historical ordering patterns and the sales performance of touch display products, OFILM adopted a relatively optimistic strategy in procurement in 2018 and there was no clear or objective indicator of inventory impairment during FY2018. In the first quarter of 2019, as the industry trend towards in-cell touch display

products replacing out-cell touch display products became more pronounced, and given that OFILM's touch display products were out-cell touch display products, which contributed all of the revenue of the touch display products at the time, OFILM's touch display products began to show a year-on-year decline in sales revenue, with sales revenue decreased from RMB3.272 billion in the fourth quarter of 2018 to RMB2.177 billion in the first quarter of 2019, representing a 33.47% quarter-on-quarter decrease and a 14.50% year-on-year decrease, which was a signal of potential inventory impairment. With respect to the production plan of OFILM, it was determined with reference to a combination of the customers' historical transaction volume and demand planning, as well as market prospects analysis. The production volumes of touch display products were therefore adjusted if there was any changes to the demand planning or confirmed sales orders. Given that since late 2017, each business unit (including the touch display unit) was primarily responsible for monitoring the market conditions, pricing, sales volumes, production volumes and inventory levels, and for formulating and adjusting its production plans accordingly. Therefore, the group level of OFILM retained an oversight role but did not directly manage the day-to-day production planning of each business unit. Accordingly, the instant downward adjustments to the production volume of out-cell touch display products were made at the business unit level in response to changes in confirmed sales orders in FY2018Q4 and FY2019Q1, and the management of OFILM in group level did not separately made any upward/downward adjustments to the number of touch display products in the production plan.

The potential risk of inventory impairment was not fully identified or assessed until early April 2019 by OFILM's management due to (i) OFILM adopted a relatively optimistic strategy in procurement in 2018, taking into account of the fact that each quarter of 2018 recorded a year-to-year increase as the touch display mobile phone industry overall remained in an upward trend in FY2018. In the first quarter of 2019, OFILM's touch display products began to show a year-on-year decline, which was a signal of inventory impairment. As inventory procured in prior years was usually sold in full, OFILM adopted a relatively optimistic and forward-looking business strategy, resulted in a relatively aggressive inventory preparation and optimistic forecasts of market demand; and (ii) OFILM undertook an organizational restructuring at the end of 2017, which changed from a centralized group-controlled model to a business unit-led structure. Each business unit (including the touch display unit) was primarily responsible for monitoring market conditions, pricing, sales volumes and inventory levels, and for reporting to the group-level market head and general manager. Following the organizational restructuring, the supporting management processes, personnel capability and system training were not fully aligned with such increased complexity. Following the 2018 annual performance express, the annual audit process identified anomalies in certain cost carry-forward data. An investigation revealed that in 2018, there were errors in the cost carry-forward data of certain OFILM's products, which were attributable to inadequate maintenance of the cost accounting system by front-end personnel, inaccuracies in data input and maintenance by responsible personnel, and discrepancies in the allocation of direct labor and manufacturing costs. In addition, the communication between business and finance personnel was inadequate, and due to insufficient staffing and personnel turnover within the finance team, the review procedures were not performed properly and the cost anomalies were not identified in a timely manner. As a result, the inventory impairment and cost accounting discrepancies not identified earlier.

On September 26, 2018, OFILM passed a board resolution to change its auditor from Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) ("**Da Hua**") to ShineWing Certified Public Accountants (信永中和會計事務所) ("**ShineWing**"). ShineWing commenced and completed its pre-audit review work in from November to December 2018 and began its formal audit work in February 2019. As the audit work progressed, OFILM, with the assistance of ShineWing, conducted a comprehensive inventory impairment assessment as part of its year-end financial reporting and audit process. After a comprehensive review of inventory recoverability and underlying operational data including subsequent settlement and selling price of the relevant inventory was undertaken, the potential impairment issue was fully identified in early April 2019 and Dr. Cai was notified accordingly. The inventory impairment provision was primarily made as a result of a deterioration in the saleability and recoverable value of the relevant inventories. Certain inventories represented excess stock or related to products that had become obsolete, for which future sales were considered unlikely. The net realizable value of such inventories was assessed to be nil and full impairment provisions were made. For inventories that were expected to be sold in the future, impairment provisions were made where the cost of such inventories exceeded their estimated net realizable value, which was determined based

on the latest order price of the relevant products, less the processing costs required to convert them into final products and and the selling expenses. Given the large scale of operations of OFILM and the number of its business units involved, including audits, finance and business departments of OFILM, the exact amount of impairment loss could only be ascertained by the end of April 2019. OFILM accordingly issued the Correction Announcement of the 2018 Annual Results Express (2018年度業績快報修正公告) and its 2018 annual report on April 26, 2019 after the impairment amount had been sufficiently determined. Prior to completion of the impairment assessment, OFILM did not consider it appropriate to make an interim disclosure that might have been inaccurate or misleading.

Following the identification of the relevant issues, Dr. Cai took an active role in overseeing the remedial measures, including but not limited to (i) engaging an external consultant, which is a leading global professional service company specializing in information technology consulting and management services, whose shares have been listed on the New York Stock Exchange (stock code: ACN) and was one of the Fortune Global 500 companies as of January 2026, to enhance enterprise resource planning (ERP) and internal control systems. The ERP system upgrade includes the standardization of material unit conversions and the implementation of a dual-review control mechanism, combining automated system checks with manual verification; (ii) leading the structural personnel changes by appointing (a) Mr. Yang Yiming (楊依明) as deputy general manager in May 2019; and (b) Mr. Zeng Zhaohao (曾兆豪) as the chief financial officer of OFILM in July 2019; (iii) adding ten personnel to the finance department, including two certified public accountants and six intermediate accountants; (iv) convening two internal conferences on May 12, 2019 and May 18, 2019, which were attended by approximately 50 core management personnel and approximately 500 employees respectively to reflect on past experience and to establish a more comprehensive management and operational systems; and (v) in April 2020, an independent accountant issued the 2019 Internal Control Assurance Report, which confirmed that OFILM maintained effective internal control over financial reporting in all material respects in accordance with the Basic Standards for Enterprise Internal Control (《企業內部控制基本規範》) and relevant regulations. The independent accountant is of the view that no material weaknesses in the internal control over financial reporting of OFILM was identified. Taking into account the above, the Company is of the view that Dr. Cai exercised appropriate skill, care and diligence when approving the relevant financial information of OFILM.

With respect to the information disclosure management system of OFILM, (i) on March 26, 2019, when relying to an investor's question on the SZSE interactive platform as to whether continuous selling by institutional investors was related to OFILM's failure to meet its performance targets, OFILM stated that it would not revise the range of its performance forecast; and (ii) in between April 29, 2019 and May 9, 2019, OFILM issued certain inconsistent announcements regarding a proposed transfer of no less than 18% of the shares of OFILM by its controlling shareholder and its concert party to a third party. Upon receiving notice from its controlling shareholder and concert party, OFILM first announced the proposed transaction on April 29, 2019, then its termination due to failure to reach agreement on May 8, 2019, and the next day in the announcement OFILM stated that the parties would continue discussions regarding the share transfer. Upon review, OFILM had not completed its internal approval procedures, which resulted in the deviations in the information disclosed. From April 29, 2019 to May 8, 2019, trading in OFILM's shares was halted, and was only resumed after the publication of announcement on May 9, 2019. The regulatory action was taken with reference to, among others, Article 58 and Article 59 of the then-effective Measures for the Administration of Information Disclosure by Listed Companies (上市公司信息披露管理辦法), as well as Article 2.1, Article 11.3.3 and Article 11.3.7 of the Shenzhen Stock Exchange Listing Rules (深圳證券交易所股票上市規則).

The Third Incident

In July 2021, the SZSE issued a criticism to Mr. Zhao, the then chairman and general manager of OFILM, concerning an announcement made by OFILM in January 2021. The announcement forecasted its annual net profit attributable to the shareholders for FY2020 in the range of RMB810.0 million to RMB910.0 million, which differed from the audited net loss of RMB1.945 billion as disclosed in the annual report for FY2020, and rectification of such forecast was not timely made (the "**Third Incident**", together with the First Incident and the Second Incident, the "**Incidents**"). The reason for the discrepancy was the unforeseen termination of a specific key customer relationship and the subsequent severe

impairment of related assets, which constituted significant new events after the forecast was published. On March 12, 2021, OFILM received a notice from an overseas key customer concerning the termination of its procurement relationship with OFILM ("**Termination**"). OFILM had previously published its profit forecast for FY2020 on January 22, 2021. At the time of preparation and publication of such forecast, OFILM had not received the termination notice from its key customer. There was no confirmed indication that the specific customer would terminate its business relationship with OFILM prior to the receipt of the Termination notice from the specific overseas customer. Following the Termination, the number of products manufactured for such overseas key customer decreased significantly. Save as disclosed in this Document, there was no material event or discussion between such overseas key customer and OFILM in relation to the Termination prior to March 12, 2021. OFILM and Mr. Zhao first became aware of the material reduction, restriction or termination of orders from such overseas key customer on March 12 and March 15, 2021, respectively.

At the relevant time, Mr. Zhao, as chairman of the board, a board member and the general manager of OFILM, was responsible for at a high level in communication and discussions with major customers, mainly strategy formulation, capacity planning and major investment decisions, whereas the day-to-day business communications and operational coordination with the specific key customer were primarily undertaken by OFILM's two core business teams, namely touch display business unit and camera business unit. The marketing department was responsible for monitoring risks related to major customers, including the specific key customer. The legal and compliance department, including the then head of legal, was responsible for assessing the impact of the international environment on the potential termination of business relationship with the specific key customer, and the secretary to the board of OFILM was responsible for disclosure relating to the Termination and related impairments.

Between July 2020 and December 2020, the monthly number of products manufactured for the specific key customer by OFILM fluctuated moderately with no material month-on-month upward or downward trend. From January 2021 to April 2021, the monthly number of products manufactured for the specific key customer by OFILM decreased, primarily attributable to (i) strong demand from the specific key customer and relatively high production volume and inventory level as of the end of 2020; and (ii) seasonal impact of the Chinese New Year holidays. Following the termination of business relationship between OFILM and the specific key customer in March 2021, the number of products manufactured for the specific key customer decreased significantly. Given that since late 2017, each business unit was primarily responsible for monitoring the market conditions, pricing, sales volumes, production volumes and inventory levels, and for formulating and adjusting its production plans accordingly. Therefore, the group level of OFILM retained an oversight role but did not directly manage the day-to-day production planning of each business unit. Accordingly, the adjustments to the production volume of products to be manufactured for the specific key customer were made at the business unit level, and the management of OFILM at group level did not separately make any upward/downward adjustments to the number of products to be manufactured for the specific key customer in the production plan.

Shortly after receipt of the Termination notice, OFILM promptly issued the *Announcement Regarding Significant Changes in Business Operations of a Specific Customer* (關於特定客戶業務發生重大變化的公告) on March 17, 2021 disclosing that among others, (i) the relevant customer intended to terminate its business relationship with OFILM, (ii) the revenue contribution from such customer in FY2019 and revenue contribution compared to the total revenue of OFILM for FY2019, (iii) the effect of the Termination on OFILM's operations and performance was still under evaluation and remained highly uncertain, and (iv) after being made aware of the termination of the specific customer, which constituted a significant event after the reporting period, OFILM immediately engaged with auditor and asset appraiser to conduct a comprehensive impairment testing on the assets related to such customer and to assess the exact value of the impairment loss. At the same time, OFILM immediately commenced an assessment of the impact of such Termination on its business and financial position. Given the complexity and scale of the assets involved, such assessment required a reasonable period of time to be conducted in a prudent and

accurate manner. Accordingly, on April 17, 2021, OFILM issued the *Announcement on the Correction and Apology Regarding the 2020 Annual Performance Forecast and Preliminary Earnings Estimate* (2020年度業績預告、業績快報修正及致歉的公告), in which it revised its forecasted annual net profit attributable to shareholders after completing the necessary assessment.

Following the Termination and the corresponding reduction in orders from such customer, OFILM conducted impairment testing on the assets related to such customer and recognized impairment losses in FY2020, primarily in respect of fixed assets, intangible assets, construction in progress and inventories, with the total impairment losses of RMB2.58 billion. The regulatory action was taken with reference to, among others, Article 2.2 and Article 3.1.5 of the then-effective the Shenzhen Stock Exchange Listing Rules (深圳證券交易所股票上市規則).

As advised by our PRC Legal Advisor, in terms of severity, a caution letter is the least severe, followed by a criticism, with a public censure being the most severe among the three. A caution letter is an administrative regulatory measure under the Measures for the Administration of Information Disclosure by Listed Companies (上市公司信息披露管理辦法). Each of criticism and public censure is a disciplinary action under the Shenzhen Stock Exchange Self-Regulatory Measures and Disciplinary Action Implementation Measures (2025 revision) (深圳證券交易所自律監管措施和紀律處分實施辦法(2025年修訂)). As confirmed by our PRC Legal Advisor, none of the caution letter, criticism and public censure constitute administrative penalty under PRC laws.

During the relevant period of the Incidents, since November 2021, Dr. Cai has served as the chairman of the board and legal representative of OFILM, and has been responsible for reviewing reports and announcements proposed to be published by OFILM in accordance with its internal corporate governance and information disclosure procedures. Mr. Zhao served as the chairman of the board from June 2020 to November 2021, the vice chairman of the board from November 2021 to February 2023 and the general manager of OFILM from January 2020 to February 2023. During his tenure, he was responsible for reviewing reports and announcements proposed to be published by OFILM, in accordance with the OFILM's internal governance and information disclosure procedures. As Dr. Cai and Mr. Zhao were not primarily responsible for financial matters, the finance function was carried out by dedicated personnel in OFILM. Neither Dr. Cai nor Mr. Zhao was found to have knowingly violated any applicable PRC laws, regulations or Shenzhen Stock Exchange Rules.

As at the Latest Practicable Date and to the best knowledge of the Company, neither OFILM, Dr. Cai nor Mr. Zhao has been subject to any investigations or inquiries by the SZSE, the CSRC or any other regulatory authorities in relation to the Incidents. Dr. Cai and Mr. Zhao became aware of the relevant matters shortly following the respective actions by the Shenzhen CSRC and/or the SZSE. Upon becoming aware of such matters, Dr. Cai and Mr. Zhao promptly initiated internal review procedures and engaged relevant internal departments and external professional advisors to assess the issues and implement remedial and rectification measures in a timely manner. Such measures included, among others, the revision of annual reports, correction of performance forecasts, and publication of announcements.

All of the aforesaid administrative regulatory measure and disciplinary actions ("**Actions**") have been concluded on the following basis:

- In respect of the First Incident, OFILM has completed the relevant correction in accordance with the applicable PRC accounting standards and information disclosure requirements. OFILM published an announcement dated June 1, 2018, in relation to the accounting error correction, detailing the nature of the error, the corrective accounting treatment and the financial impact on the relevant reporting periods, together a special report issued by its auditor, Da Hua.

- In respect of the Second Incident, OFILM published the Report on Rectification of Corrective Measures Imposed by Shenzhen CSRC (關於深圳證監局對公司採取責令改正措施的整改報告) on October 24, 2019, setting out the issues identified, the rectification measures taken, the responsible persons and the completion status of such measures. According to the rectification report, OFILM implemented a series of rectification measures, including: (i) strengthening the financial management by upgrading the enterprise resource planning (ERP) accounting system; (ii) clarifying the responsibilities of relevant departments and personnel involved in financial reporting and strengthening procedures relating to inventory impairment testing to ensure the accuracy of accounting records and financial statements; (iii) enhancing the professional capabilities of finance personnel by a combination of technology improvement, training and appointment of a new deputy general manager and a new chief financial officer; (iv) strengthening communication with external auditors and relevant departments in respect of significant accounting matters; (v) strengthening internal audit and supervisory mechanisms over financial reporting and information disclosure processes to ensure timely communication of material financial information; and (vi) enhancing compliance awareness and training of directors, supervisors, senior management and relevant personnel in relation to applicable securities laws and information disclosure requirements. As disclosed in the rectification report, the above rectification measures have been implemented and completed.

- In respect of the Third Incident, the regulatory action taken by the Shenzhen Stock Exchange concerned the timeliness of OFILM's disclosure of corrective information. Prior to the issuance of the criticism, OFILM had already published Announcement On the Correction and Apology Regarding the 2020 Annual Performance Forecast and Preliminary Earnings Estimate (2020年度業績預告、業績快報修正及致歉的公告) on April 17, 2021. As the relevant information had been disclosed and corrected, no separate rectification measures were taken by OFILM following the criticism. There are no outstanding regulatory requirements in relation to the Third Incident.

No follow-up actions were taken by the Shenzhen CSRC, SZSE or other stock exchange against Dr. Cai since January 2020 and against Mr. Zhao since August 2021, respectively. In addition, as of the Latest Practicable Date, Dr. Cai has served as the chairman and a director of OFILM, and no objection was received from Shenzhen CSRC, SZSE or any other regulator. Mr. Zhao resigned as a director and the general manager of OFILM in March 2023 due to personal reasons.

The Company is of the view that the Actions do not impugn the integrity or suitability of each of Dr. Cai and Mr. Zhao Wei to act as a Director pursuant to Rules 3.08 and 3.09 of the Listing Rules. The Actions were taken against OFILM, its chairman, general manager and chief financial officer. The chairman was regarded as the primary responsible person for public disclosures of listed companies according to the relevant guidance of the SZSE. The Actions do not involve any finding of fraud or dishonesty on the part of either of Dr. Cai and Mr. Zhao, nor raise any concern on their respective integrity, suitability or qualification as a director of listed companies in the PRC. As confirmed by the PRC Legal Advisor, the issuance of caution letters by the Shenzhen CSRC and public censure and criticism by the SZSE are purely regulatory measures or disciplinary actions, and are not administrative penalty under PRC laws. As advised by our PRC Legal Advisor, the Actions do not disqualify Dr. Cai and Mr. Zhao from acting as a director and/or senior management of any PRC company, nor affect their suitability to act as a director and/or senior management of the Company pursuant to the PRC Company Law, the PRC Securities Law and other PRC laws and regulations. As of this Document, Dr. Cai serves as the chairman and a director of OFILM. Mr. Zhao resigned as a director of OFILM in March 2023 due to personal reasons. During the Track Record Period and up to the Latest Practicable Date, neither we nor our Directors and senior management was subject to any administrative penalties by any competent authorities that had or would cause any material adverse impact on the suitability of any of the Directors.

Based on the due diligence conducted, the Joint Sponsors are of the view that the Three Incidents involving OFILM were unpredictable at the material time and arose primarily from rapid industry evolution and external developments, including technological shifts and U.S. export controls, rather than from any intentional misconduct or negligence.

For the majority of the period since the establishment of OFILM, Dr. Cai has served as the Chairman of the Board and General Manager, among other positions. Leveraging his professional background, over 20 years of industry experience, and extensive management expertise, Dr. Cai possesses a deep and comprehensive understanding of industry technologies and market application trends. Dr. Cai focused principally on strategic planning and technological development and did not hold primary responsibility for financial reporting, which was managed by the finance team and subject to review by the Board, the Audit Committee, and the external auditors of OFILM. His reliance on professional management and independent advisors is consistent with the expectations for non-executive directors under Rule 3.08 of the Listing Rules. As the then General Manager of OFILM, Mr. Zhao oversaw operational activities. The preparation and approval of financial forecasts were carried out by designated finance personnel.

The matters were addressed through corrective disclosures. No evidence has come to the attention of the Joint Sponsors indicating that Dr. Cai or Mr. Zhao acted in bad faith, engaged in fraud, or deliberately misled **[REDACTED]**. Both directors actively supported post-incident remedial actions, including the engagement of Accenture to enhance internal controls, the appointment of new financial leadership, and the implementation of upgraded ERP systems and disclosure protocols. As of December 31, 2019, OFILM maintained effective internal control over financial reporting, as confirmed by an unqualified opinion in its 2019 Internal Control Audit Report. No similar incidents have occurred in subsequent years.

The disciplinary measures imposed by the SZSE and the Shenzhen Securities Regulatory Bureau consisted solely of caution letters and public censures. Neither Dr. Cai nor Mr. Zhao was subject to administrative penalties, fines, disqualification, or suspension under PRC securities laws. Each of the Three Incidents stemmed from distinct circumstances – an accounting classification matter, a forecasting variance amid market transition, and an unforeseen geopolitical event – and was resolved through corrective action. In the view of the Joint Sponsors, these isolated incidents do not collectively reflect a pattern of unsuitability.

Accordingly, the Joint Sponsors are of the view that the historical matters do not impair the integrity, competence, or suitability of Dr. Cai and Mr. Zhao to serve as Directors of the Company, nor do they constitute a material impediment to the Company's **[REDACTED]** under Rule 8.04 of the Listing Rules.

The Group has enhanced its corporate governance and established adequate internal control system to effectively prevent the recurrence of similar incidents. The Board is the highest authority responsible for ensuring accuracy and completeness of the Group's financial reporting, as well as overseeing risk management and internal control. Dr. Cai and Mr. Zhao are not involved in the day-to-day preparation of the Group's financial information, they perform their responsibilities as Directors by reviewing and approving the relevant financial information. The Audit Committee provides independent oversight over financial reporting, internal control and risk management systems of the Group.

The Company has established a sound and robust internal control measures, covering among others, the financial management system, assets impairment, inventory management and accounting manual to regulate its financial management and accounting practices and to ensure compliance with applicable accounting standards, as well as a comprehensive information disclosure system to ensure compliance with the applicable Listing Rules disclosure requirements. The Financial Management Policy (財務管理制度) and Financial Reporting and Disclosure System (財務報告編制及披露體系) of the Company clearly defines accounting policies, management of changes in estimates and accounting, financial management of important business operations, financial reporting and closing procedures, and management of accounting records. In particular, (i) all formulation and changes of material accounting policies and estimates must be prepared by the finance department, and are subject to a multi-layer review mechanism, including review by the finance manager, the chief financial officer, the audit committee of the Board and submitted to the Board for approval. For matters involving significant judgment or impact on the financial statements, opinions of an external auditor must be sought; (ii) any changes in the accounting estimates must result from changes in the current status of assets and liabilities and expectations of future economic benefits and obligations; and (iii) all material accounting policies and their changes must be fully disclosed in the

financial statements, explaining the nature and reasons for the changes and their monetary impact on the financial statement. In addition, the Company has also formulated and updated policies such as the Risk Management Policy (風險管理制度), Conflict of Interest Management Policy (利益衝突管理制度) and the Internal Audit Charter (內部審計章程).

In addition, in order to strengthen the management of the Company's fixed assets, improve asset utilization efficiency, and standardize the procedures for the procurement, use, maintenance and disposal of fixed assets, the Company has established the fixed assets management policy (固定資產管理制度). Pursuant to the policy, the Company shall carry out a comprehensive inventory count on a quarterly basis, led by the finance department, with participation of the central management department and the relevant user department. In respect of fixed asset impairment, the Company shall, at the end of each accounting period and in any event at least at each financial year end, conduct a comprehensive review of all fixed assets to determine whether there are any indications of impairment. Where any of the impairment indicators set out in the policy are identified, the Company must immediately perform an impairment test on the relevant asset, irrespective of whether there is an annual audit plan, and estimate its recoverable amount. Any impairment matters and the corresponding impairment amounts must be approved by the head of the finance department and the relevant senior management of the Company (chief financial officer and general manager). Impairment with substantial amount or of a special nature shall be submitted to the Board or the relevant approving authority for consideration and approval. Any material information regarding assets impairment should be disclosed in the financial reports of the Company.

In respect of inventory management, the Company has established inventory management policy (存貨管理制度) setting out the responsibilities for inventory management, the requirements and procedures for inventory counting, the basis for determining the realizable value of inventories and for making provisions for inventory write-downs, as well as the management of slow-moving materials.

To enhance the information disclosure system of the Company, the Company has adopted the information disclosure management policy (信息披露管理制度), pursuant to which the Company shall disclose information truthfully, accurately, completely and in a timely manner, including, among others, announcements, circulars, interim and annual reports, inside information and responses to regulatory enquiries, and shall ensure consistency with no contradictions among the information disclosed. The Board is responsible for the overall leadership and management of the Company's information disclosure, the Company Secretary is responsible for coordinating and organizing specific matters relating to the information disclosure, and the heads of each department of the Company are the persons in charge of reporting material information. In addition, senior management shall promptly report to the Board and the Company Secretary any major events relating to the Company's operation or financial position, the progress, or changes to, matters already disclosed and other relevant information. Senior management shall also respond to the Board' enquiries regarding the Company's periodic reports, ad hoc reports and other matters. The chairperson, the chief executive officer, the chief financial officer, the finance manager and related accounting personnel shall be responsible for ensuring the accuracy and completeness of the financial reports of the Company.

To the best of the knowledge, information and belief of our Directors and senior management, having made all reasonable enquiries, save as disclosed above, there was no other matter with respect to the appointment of our Directors and senior management that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors and senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the **[REDACTED]**.

REMUNERATION OF DIRECTORS

The compensation and remuneration of the Directors and members of the senior management of the Company are determined by the Shareholders' meetings and the Board as appropriate in the form of salaries and bonuses. The Company also reimburses them for expenses that are necessary and reasonably incurred in providing services to the Company or discharging their duties in relation to the operations of the Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of the Company, the Shareholders' meetings, and the Board take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration.

Our Company offers executive Directors and members of senior management, who are also employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans, and other benefits. The independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration paid to the Directors for the three years ended December 31, 2025 and the four months ended April 30, 2026, were RMB9.6 million, RMB10.5 million, RMB8.5 million and RMB4.2 million, respectively.

The aggregate amounts of remuneration paid to the five highest-paid individuals for the three years ended December 31, 2025 and the four months ended April 30, 2026 were RMB9.7 million, RMB11.2 million, RMB8.2 million and RMB4.8 million, respectively.

It is estimated that remuneration equivalent to approximately RMB5.0 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2026.

No remuneration was paid by the Company to the Directors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Innovax Capital Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular, or financial report;
- where a transaction, which might be notifiable or connected, is contemplated, including share issues and share repurchases;
- where our Company proposes to use the **[REDACTED]** of the **[REDACTED]** in a manner that is different from that detailed in this Document or where our business activities, developments, or results deviate from any forecasts, estimates, or other information in this Document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares, the possible development of a false market in the Shares, or any other matters.

The terms of the appointment of the compliance advisor will commence on the **[REDACTED]** and end on the date when the Company distributes the annual report of its financial results for the first full financial year commencing after the **[REDACTED]**.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the **[REDACTED]** and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and **[REDACTED]**, the following persons will have an interest or short position (as applicable) in our Shares or 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, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

					Shares interested in immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Class of Shares	Number of Share interested in as of the Latest Practicable Date	Approximate percentage of shareholding in our total share capital[2]	Number	% of shareholding in the Unlisted Shares/ H Shares (as applicable)[2]	% of shareholding in the total issued share capital of our Company[2]
Dr. Cai[3]	Beneficial owner; interest in controlled corporation; interest held jointly with another person	Unlisted shares	60,855,112	56.97%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Hezheng[3]	Beneficial owner; interest held jointly with another person	Unlisted shares	60,855,112	56.97%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Cai[3]	Beneficial owner; interest in controlled corporation; interest held jointly with another person	Unlisted shares	60,855,112	56.97%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Changxin[3]	Beneficial owner; interest held jointly with another person	Unlisted shares	60,855,112	56.97%	[REDACTED]	[REDACTED]	[REDACTED]
Jiashan Changxin[3]	Beneficial owner; interest held jointly with another person	Unlisted shares	60,855,112	56.97%	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Jiatou[3]	Beneficial owner; interest held jointly with another person	Unlisted shares	60,855,112	56.97%	[REDACTED]	[REDACTED]	[REDACTED]
Jiashan Jingkai[4]	Beneficial owner	Unlisted shares	8,902,170	8.33%	[REDACTED]	[REDACTED]	[REDACTED]
CICC Capital Operation Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**")[5]	Beneficial owner	Unlisted shares	7,396,927	6.92%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** H Shares in issue immediately upon completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised).

(3) Mr. Cai is the general partner of Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou and held approximately 97.31%, 15.08% and 1.13% of the equity interests in Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou, respectively. Dr. Cai held 100% of the equity interests in Shenzhen Hezheng.

Pursuant to an acting-in-concert agreement entered into among Dr. Cai, Shenzhen Hezheng, Mr. Cai and Shenzhen Changxin (together, the "**Concert Parties**") dated November 5, 2024, all the Concert Parties confirmed and agreed to act in concert by aligning their votes at the Board and/or the shareholders' meetings of our Company by following the decision of Dr. Cai. See "History, Development and Corporate Structure – Acting-in-Concert Agreement". Therefore, each of Dr. Cai, Shenzhen Hezheng, Mr. Cai, Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou is deemed to be interested in the Shares held by them in our Company by virtue of the SFO.

(4) The general partner of Jiashan Jingkai is Wuhan Tongxin Licheng Investment Management Co., Ltd. (武漢同鑫力誠投資管理有限公司), which is in turn owned as to 83.9% by Zhong Jin (鐘瑾). Jiaxing Jingkai is owned as to 99% by Jiashan Jinghui High-tech Industry Venture Capital Co., Ltd. (嘉善經惠高新產業創業投資有限公司) and 1% by Wuhan Tongxin Licheng Investment Management Co., Ltd. (武漢同鑫力誠投資管理有限公司). Jiashan Jinghui High-tech Industry Venture Capital Co., Ltd. (嘉善經惠高新產業創業投資有限公司) is ultimately owned and controlled by Jiashan Economic and Technological Development Zone Management Committee (嘉善經濟技術開發區管理委員會). Therefore, each of Zhong Jin (鐘瑾) and Jiashan Economic and Technological Development Zone Management Committee (嘉善經濟技術開發區管理委員會) is deemed to be interested in the Shares held by Jiashan Jingkai by virtue of the SFO.

(5) The general partner of CICC Generation Fund I is CICC Capital. The general partner of Lianjin Innovation is Lianjin Private Equity Venture Capital Fund Management (Shenzhen) Co., Ltd. (聯金私募股權創業投資基金管理(深圳)有限公司) who is owned as to 51% by CICC Capital where the remaining 49% is owned by China Unicom Capital Investment Holdings Limited. (聯通資本投資控股有限公司). CICC Capital is a wholly owned subsidiary of CICC. Therefore, CICC Capital and CICC are deemed to be interested the Shares held by CICC Generation Fund I and Lianjin Innovation in our Company by virtue of the SFO.

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the **[REDACTED]** and the Conversion of our Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised), have any interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

SHARE CAPITAL

OVERVIEW

Before the [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB106,826,031, comprising 106,826,031 Unlisted Shares with a nominal value of RMB1.0 each.

Upon the Completion of the [REDACTED]

Immediately following the completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Assuming the* [REDACTED] *is not exercised:

Description of Shares	Number of Shares	% of the total issued share capital of our Company
Unlisted Shares in issue	**[REDACTED]**	**[REDACTED]**
H Shares to be converted from Unlisted Shares[(1)]	**[REDACTED]**	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00%**

Assuming the* [REDACTED] *is exercised in full:

Description of Shares	Number of Shares	% of the total issued share capital of our Company
Unlisted Shares in issue	**[REDACTED]**	**[REDACTED]**
H Shares to be converted from Unlisted Shares[(1)]	**[REDACTED]**	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00%**

Note:

(1) Following the completion of the **[REDACTED]**, **[REDACTED]** Unlisted Shares held by our existing Shareholders will be converted into H Shares on a one-for-one basis and **[REDACTED]** on the Stock Exchange for trading. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on [•], 2026. For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the **[REDACTED]**, see "History, Development and Corporate Structure – Our Capitalization" in this Document.

SHARES OF OUR COMPANY

Upon completion of the **[REDACTED]**, we would have only one class of Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company. However, 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, H Shares generally cannot be subscribed for by or traded between investors of the PRC.

Unlisted Shares and the H Shares carry the same rights and will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong SAR dollars or RMB, whereas all dividends for Unlisted Shares will be paid in RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations issued by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into H Shares, and such converted Shares may be **[REDACTED]** and **[REDACTED]** on an overseas stock exchange provided that the conversion, **[REDACTED]** and **[REDACTED]** of such converted Shares have been filed with the CSRC. 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.

Pursuant to the filing notice of the CSRC dated [•], 2026, **[REDACTED]** Unlisted Shares will be converted to H Shares on a one-for-one basis and be **[REDACTED]** for trading on the Stock Exchange upon completion of the **[REDACTED]**. To the extent any Unlisted Shares are not converted into H Shares, all Unlisted Shares will comprise such number of Unlisted Shares held by our Shareholders not converted into H Shares.

[REDACTED] Review and Filing with the CSRC

In accordance with the Overseas Listing Trial Measures and guidelines announced by the CSRC, H-share listed companies shall file with the CSRC for the Conversion of Unlisted Shares into H shares for **[REDACTED]** and circulation on the Stock Exchange. An unlisted domestic joint stock company may file for "full circulation" when applying for an overseas **[REDACTED]**.

[REDACTED]

[REDACTED] Approval by the Stock Exchange

We have applied to the Listing Committee for the granting of **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares to be issued pursuant to the **[REDACTED]** and the H Shares to be converted from **[REDACTED]** Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (i) giving instructions to our **[REDACTED]** regarding relevant **[REDACTED]** of the converted H Shares; and (ii) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. Registration on our H Share register will be conditional on (a) our **[REDACTED]** lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of **[REDACTED]**; and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be **[REDACTED]** as H Shares. The Full Circulation Participating Shareholders may only **[REDACTED]** the Shares upon completion of following domestic procedures. No approval by the general meeting of Shareholders is required for the **[REDACTED]** and trading 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 the Shareholders and the public of any proposed conversion.

Domestic Procedures

The Full Circulation Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and **[REDACTED]**:

(i) We will appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at HKSCC in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(ii) We will engage a domestic securities company (the "**Domestic Securities Company**") to provide services such as sending orders for trading of the converted H Shares and receipt of transaction returns. The Domestic Securities Company will engage a Hong Kong securities company (the "**Hong Kong Securities Company**") for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by Shenzhen Stock Exchange;

(iii) The Shenzhen Stock Exchange shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and transaction returns in respect of the converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

(iv) According to the Notice of SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Full Circulation Participating Shareholders shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "Full Circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "Full Circulation" at the Hong Kong Securities Company; and

(v) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our Unlisted Shares shall be reduced by the number of the Unlisted Shares converted and the number of H Shares shall be increased by the number of converted H Shares.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the **[REDACTED]** shall be subject to this statutory restriction and shall not be transferred for a period of one year from the **[REDACTED]**.

Pursuant to the Company Law, transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the shares are **[REDACTED]** and **[REDACTED]**, nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors and members of senior management, a summary of which is set out in "Summary of Articles of Association" in Appendix III to this Document.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our general Shareholders' meeting required, see "Summary of Articles of Association of the Company" in Appendix III to this Document.

You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants' Report set out in Appendix I to this Document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance and 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. In evaluating our business, you should carefully consider all of the information provided in this document, including "Risk Factors" and "Business."

OVERVIEW

We are a major micro motor manufacturer, engaged in the design, R&D, manufacturing and sales of micro drive motors. We work closely with customers to translate their functional, performance, reliability and integration requirements into motor specifications and product designs, and deliver motors configured to meet specific application scenarios. According to Frost & Sullivan, based on revenue in 2025, we ranked No. 6 globally and No. 2 in China in the imaging motor market, with market shares of 3.3% and 9.8%, respectively. In the OIS imaging motor segment, we ranked No. 4 globally and No. 1 in China.

Our portfolio is organized into imaging and non-imaging product lines. In imaging, we primarily supply OIS motors, periscope motors, open-loop motors, closed-loop motors, variable-aperture motors and continuous-zoom motors. In non-imaging, our offerings mainly include stepper motors and BLDC motors. Our products are deployed in smartphones and handheld imaging devices, such as action cameras. We have also expanded into security and surveillance, consumer-grade UAVs, smart home devices, automotive electronics and robotics, including embodied robotics.

We have achieved growth during the Track Record Period, in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, we generated revenue of RMB855.3 million, RMB1,564.5 million, RMB1,956.8 million, RMB580.9 million and RMB694.5 million, respectively, with gross profit of RMB71.5 million, RMB249.4 million, RMB326.3 million, RMB85.1 million and RMB111.3 million, respectively, at gross profit margin of 8.4%, 15.9%, 16.7%, 14.6% and 16.0%, respectively. We recorded loss for the year of RMB30.1 million in 2023, and we recorded profit for the year of RMB104.8 million and RMB120.4 million in 2024 and 2025. We recorded profit for the period of RMB36.4 million in the four months ended April 30, 2026, compared to RMB25.1 million in the same period in 2025.

BASIS OF PRESENTATION

For ordinary shares issued to pre-**[REDACTED]** investors, pursuant to the supplemental agreements entered into between our Company and the pre-**[REDACTED]** investors in relation to the termination of certain of special rights granted by our Company, including redemption rights and liquidation preferences, which are void ab initio as described in note 30 to the Accountants' Report in Appendix I to this document, having taking into account the legal and regulatory framework of our 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 Track Record Period. For the details of financial impacts, see note 30 of the Accountants' Report in Appendix I to this document.

Our Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board. Details regarding the basis of presentation and preparation of the historical financial information of our Group are set out in note 2.1 to the Accountants' Report in Appendix I to this document. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement 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 our consolidated financial information are disclosed in note 3 of the Accountants' Report in the Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The results of operations of our Group have been and are expected to continue to be affected by a number of factors, including the key ones set out in the section headed "Risk Factors" in this document and below:

Development and Competition in the Micro Motor Industry

We operate in the rapidly evolving micro motor industry. Our business, financial performance, and future growth are affected by the development of this industry, including the general factors affecting the global and China's smartphone market, macroeconomic conditions, as well as the market acceptance and demand for advanced imaging systems such as multi-camera arrays and periscope telephoto lenses.

According to Frost & Sullivan, the micro motor market experiences intense price competition, particularly among Asian manufacturers, the micro motor market also exhibits a relatively concentrated competitive landscape both domestically and overseas. Competition within the motor market significantly influences our financial performance. We compete with both international and domestic manufacturers on market positioning, R&D capabilities, product quality, and pricing. Intense competition or an inability to differentiate our products may exert downward pressure on our pricing and gross margins. Please see "Risk Factors – Risks Relating to Our Business and Industry – We operate in a highly competitive market, and any failure to compete effectively, maintain our market position, or respond successfully to changes in the competitive landscape could result in a decline in our market share."

Ability to Maintain and Engage End Customers and Seize Market Opportunities

Our business growth is driven by our ability to expand our end customer base and maintain stable, long-term relationships with existing end customers. We primarily serve smartphones and other consumer electronic brands by providing micro drive motors. Leveraging our industry experience, we work closely with end customers from product design and validation through to mass production, and optimize our R&D, supply chain and production arrangements to provide reliable, high-quality and cost-effective solutions, while maintaining timely response to customer needs.

Our future growth will depend on our ability to identify and capture major market opportunities, including (i) the recovery and upgrade cycles in the smartphone market, particularly the increasing adoption of advanced imaging systems such as multi-camera arrays and periscope telephoto lenses, and (ii) the growing use of micro motors in non-smartphone application scenarios, such as imaging and motion-control modules for consumer electronics, imaging devices and security-related products. By leveraging our R&D capabilities in mid-to-high-end motors and our continuous expansion into new product lines such as stepper motors and other emerging actuation solutions, we have broadened our product portfolio and increased our penetration at existing end customers.

As a company headquartered in the PRC, our ability to continue serving major domestic smartphones and other consumer electronic boards and to respond to their product roadmap and market expansion strategies will be important to our future growth. By combining our technical know-how, accumulated manufacturing experience and understanding of customer requirements, we aim to further deepen our cooperation with existing customers and capture additional project opportunities in both existing and emerging application scenarios.

Fluctuation in Prices of Raw Materials

Raw materials, including precision injection-molded parts, magnets, housings, spring plates, flexible printed coils, printed circuit boards and auxiliary consumables, are required for the production of our products. These materials are subject to pricing cyclicality and periodic shortage of supply in China, and we are exposed to price fluctuations in the upstream supply chain. For instance, according to Frost & Sullivan, the price of copper showed a relatively steady upward trend from 2020 to 2025 at CAGR of 10.4%, while the price of aluminum alloy witness an increase at CAGR of 6.8% from 2020 to 2025. Our ability to manage and control our material costs is critical to our profitability. If we are unable to pass on such increase in raw material prices to our customers, our profitability may be adversely affected.

Product Mix and Pricing

The product and solution mix we provide affects our revenue and profitability. As we diversify our product mix, changes in our product offering could materially affect our overall revenue structure and profit margin. Our profitability is also affected by our ability to price our products to achieve our intended profit margins, which is in turn affected by market competition, pricing of similar products offered by our peers and our bargaining power.

Seasonality

Our operating results were affected by seasonal patterns in the past. During the Track Record Period, we generally recorded higher revenue in the second half of each financial year than in the first half. This seasonality primarily reflects smartphone launch cycles and major retail promotions, with imaging-related shipments generally higher in the second half of the year. In particular, demand from our end-customers tends to strengthen around product releases and peak promotion periods in October, November, Christmas and New Year. Consequently, comparisons of our operating results between different periods within a single financial year may not be meaningful.

Our Ability to Control Costs and Improve Operational Efficiency

Our cost of sales primarily consists of raw material cost. We enhance our production efficiency and reduce production costs through technological innovation and supply chain management. In addition, our operating expenses include research and development expenses, administrative and other operational expenses, and selling and distribution expenses, among others. Our cost structure is affected by the mix of our product offerings. As we ramp up production for new product lines or expanded capacities, we may incur initial set-up costs and yield-climbing costs that could temporarily impact our margins. As such, our ability to improve operational efficiency and maintain effective cost control will also affect our results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our Consolidated Financial Statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Our critical accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in notes 2.3 and 3 to the Accountant's Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss for the years/periods indicated.

	Year Ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
REVENUE	**855,330**	**1,564,534**	**1,956,824**	**580,935**	**694,460**
Cost of sales	(783,834)	(1,315,182)	(1,630,525)	(495,867)	(583,182)
Gross profit	**71,496**	**249,352**	**326,299**	**85,068**	**111,278**
Other income and gains	18,226	25,125	28,619	8,669	12,269
Selling and distribution expenses	(13,056)	(16,565)	(17,694)	(4,664)	(3,818)
Administrative expenses	(56,254)	(72,521)	(94,503)	(25,454)	(37,044)
Research and development expenses	(60,958)	(76,938)	(124,455)	(40,281)	(47,257)
(Impairment)/reversal of impairment of financial assets, net	(164)	(5,057)	2,785	1,429	(677)
Other expenses	(570)	(727)	(815)	(134)	(846)
Finance costs	(1,401)	(3,231)	(3,598)	(1,688)	(1,612)
(LOSS)/PROFIT BEFORE TAX	**(42,681)**	**99,438**	**116,638**	**22,945**	**32,293**
Income tax credit	12,579	5,317	3,760	2,197	4,155
(LOSS)/PROFIT FOR THE YEAR/PERIOD	**(30,102)**	**104,755**	**120,398**	**25,142**	**36,448**

For details on the accounting treatment of redemption rights of Pre-**[REDACTED]** investments, see "Discussion of Certain Key Items of Consolidated Statements of Financial Position – Paid-In Capital/ Share Capital" below and note 30 to the Accountants' Report in Appendix I to this document.

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

In 2023, 2024, 2025, and the four months ended April 30, 2025 and 2026, our total revenue amounted to RMB855.3 million, RMB1,564.5 million, RMB1,956.8 million, RMB580.9 million and RMB694.5 million. During the Track Record Period, our revenue was substantially generated in the PRC.

During the Track Record Period, our revenue was primarily derived from the sales of OIS and periscope motors, open-loop motors, closed-loop motors and other motors. To a lesser extent, we also generate revenue from provision of technical services and sales of raw materials. See "Business – Our Business."

The following table sets forth a breakdown of our revenue by products both in absolute amount and as a percentage of our total revenue for the years/periods presented.

	For the Years Ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
OIS motors	503,636	58.9	1,272,534	81.3	1,022,443	52.3	430,535	74.1	361,531	52.1
Periscope motors	113,138	13.2	2,813	0.2	223,111	11.4	12,173	2.1	57,934	8.3
Open-loop motors	170,556	19.9	176,354	11.3	247,904	12.7	71,887	12.4	55,645	8.0
Closed-loop motors	39,108	4.6	69,613	4.4	292,888	15.0	53,374	9.2	139,205	20.0
Other motors[(1)]	17,315	2.0	35,702	2.3	163,007	8.3	10,988	1.9	62,227	9.0
Others[(2)]	11,577	1.4	7,518	0.5	7,471	0.3	1,978	0.3	17,918	2.6
Total	**855,330**	**100.0**	**1,564,534**	**100.0**	**1,956,824**	**100.0**	**580,935**	**100.0**	**694,460**	**100.0**

Note:

(1) Other motors primarily included stepper motors, BLDC motors and variable-aperture motors.

(2) Others primarily included the provision of R&D related technical services and sales of raw materials.

Cost of Sales

Our cost of sales primarily consists of raw materials, manufacturing overhead and staff costs, which in aggregate accounted for 98.9%, 99.0%, 99.2%, 97.9% and 97.4% of our cost of sales, respectively, in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026. The following table sets forth a breakdown of our cost of sales in absolute amounts and as percentages of total cost of sales, for the years/periods indicated.

	For the Years Ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Raw materials	506,244	64.6	880,881	67.0	1,062,119	65.2	322,087	65.0	382,576	65.6
Staff costs	116,486	14.9	228,553	17.4	281,171	17.2	90,367	18.2	95,357	16.4
Manufacturing overhead	151,953	19.4	192,184	14.6	273,777	16.8	72,939	14.7	90,020	15.4
Transportation and storage costs	1,760	0.2	2,534	0.2	3,440	0.2	736	0.1	1,152	0.2
Provision for inventory impairment	7,391	0.9	11,030	0.8	10,018	0.6	9,738	2.0	14,077	2.4
Total	**783,834**	**100.0**	**1,315,182**	**100.0**	**1,630,525**	**100.0**	**495,867**	**100.0**	**583,182**	**100.0**

Fluctuations in our provision for inventory impairment were primarily attributable to changes in market demand, fluctuations in customer orders, product iterations and upgrades, and adjustments to pricing strategies. The provision for inventory impairment increased by 49.2% from RMB7.4 million in 2023 to RMB11.0 million in 2024, primarily due to the increase in inventory and cost of sales as our business scale expanded, which, after taking into account inventory aging and customer demand on a prudent basis, resulted in a higher level of impairment provisions. The provision for inventory impairment remained relatively stable at RMB10.0 million in 2025, primarily reflecting a broadly stable level of impairment provisions made after taking into account inventory aging and customer demand on a prudent

basis. The provision for inventory impairment increased by 44.6% from RMB9.7 million in the four months ended April 30, 2025 to RMB14.1 million in the four months ended April 30, 2026, primarily due to the higher inventory balance as we ramped up production and built up inventories ahead of expected higher shipment demand, which, after taking into account inventory ageing and customer demand on a prudent basis, resulted in higher impairment provisions.

Gross Profit

Our gross profit was RMB71.5 million in 2023, RMB249.4 million in 2024, RMB326.3 million in 2025 and RMB85.1 million and RMB111.3 million in the four months ended April 30, 2025 and 2026, respectively. Our gross profit margin was 8.4% in 2023, 15.9% in 2024, 16.7% in 2025, and 14.6% and 16.0% in the four months ended April 30, 2025 and 2026, respectively.

The table below sets forth a breakdown of our gross profit and gross profit margin by products for the years/periods indicated:

	For the Years Ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(Unaudited)			
OIS motors	53,599	10.6	210,171	16.5	119,538	11.7	56,118	13.0	52,470	14.5
Periscope motors	22,037	19.5	1,295	46.0	55,625	24.9	5,298	43.5	4,633	8.0
Open-loop motors	5,392	3.2	18,153	10.3	42,164	17.0	11,560	16.1	13,389	24.1
Closed-loop motors	4,941	12.6	29,253	42.0	101,951	34.8	22,986	43.1	38,994	28.0
Other motors[(1)]	(8,937)	(51.6)	(2,133)	(6.0)	13,195	8.1	(1,700)	(15.5)	6,064	9.7
Others[(2)]	1,855	16.0	3,643	48.5	3,844	51.5	544	27.5	9,805	54.7
Less: Provision for inventory impairment	(7,391)		(11,030)		(10,018)		(9,738)		(14,077)	
Total	**71,496**	**8.4**	**249,352**	**15.9**	**326,299**	**16.7**	**85,068**	**14.6**	**111,278**	**16.0**

Notes:

(1) Other motors primarily included stepper motors, BLDC motors and variable-aperture motors.

(2) Others primarily included the provision of R&D related technical services and sales of raw materials.

Other Income and Gains

Our other income and gains primarily consisted of (i) government grants, which mainly comprised asset-related grants for procurement of long-term assets and technical upgrade projects, and income-related grants in the form of policy awards and subsidies granted to us as an advanced manufacturing enterprise; (ii) additional deduction of value added tax, (iii) early payment concessions, (iv) commission income, which was mainly derived from service fees we charged for facilitating IC chip transactions between suppliers and customers based on actual transaction volume, leveraging our accumulated industry experience and established supply chain resources to streamline sourcing and enhance operational efficiency, (v) interest income, and (vi) investment income from financial assets at fair value through profit or loss. Government grants represent the income received from government after government approval of the applications that meet the requirements of government's policies. There are substantial uncertainties as to whether or not and, if yes, when we will receive government grants. There is no assurance that we will continue to receive government grants in the future. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our other income and gains were RMB18.2 million, RMB25.1 million, RMB28.6 million, RMB8.7 million and RMB12.3 million, respectively.

The following table sets forth a breakdown of our other income and gains both in absolute amount and as a percentage of our total other income and gains for the years/periods indicated.

	For the Years Ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Government grants	6,392	35.1	11,245	44.8	14,095	49.3	3,936	45.4	6,880	56.1
Additional deduction of value added tax	4,604	25.3	8,072	32.1	10,781	37.7	3,083	35.6	3,435	28.0
Early payment concessions	3,451	18.9	29	0.1	–	–	–	–	–	–
Commission income	–	–	2,492	9.9	1,120	3.9	588	6.8	1,008	8.2
Interest income	1,825	10.0	1,354	5.4	954	3.3	386	4.5	158	1.3
Investment income from financial assets at fair value through profit or loss	1,613	8.8	841	3.3	1,164	4.1	357	4.1	749	6.1
Others	341	1.9	1,092	4.4	505	1.7	319	3.6	39	0.3
Total	**18,226**	**100.0**	**25,125**	**100.0**	**28,619**	**100.0**	**8,669**	**100.0**	**12,269**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of staff costs, warranty service costs, and business development expenses. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our selling and distribution expenses amounted to RMB13.1 million, RMB16.6 million, RMB17.7 million, RMB4.7 million and RMB3.8 million, respectively, representing 1.5%, 1.1%, 0.9%, 0.8% and 0.5% of our total revenue of the same years/periods, respectively. The following table sets forth a breakdown of our selling and distribution expenses for the years/periods indicated:

	Years Ended December 31,						Four months ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	4,885	37.4	6,180	37.3	8,242	46.6	2,531	54.3	2,621	68.6
Business development expenses[(1)]	3,775	28.9	3,097	18.7	4,512	25.5	1,133	24.3	934	24.5
Warranty service costs	2,908	22.3	5,163	31.2	3,899	22.0	583	12.5	69	1.8
Share-based payment expenses	505	3.9	1,040	6.3	881	5.0	404	8.7	143	3.7
Others[(2)]	983	7.5	1,085	6.5	160	0.9	13	0.2	51	1.4
Total	**13,056**	**100.0**	**16,565**	**100.0**	**17,694**	**100.0**	**4,664**	**100.0**	**3,818**	**100.0**

Note:

(1) Business development expenses primarily included business entertainment expenses and travelling expenses.

(2) Others primarily included advertising and promotion expenses and office expenses associated with our selling and distribution activities.

Administrative Expenses

Our administrative expenses consisted of staff costs, depreciation and amortization, business development expenses, share-based payment expenses and office expenses. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our administrative expenses amounted to RMB56.3 million, RMB72.5 million, RMB94.5 million, RMB25.5 million and RMB37.0 million, respectively, representing 6.6%, 4.6%, 4.8%, 4.4% and 5.3% of our total revenue of the same years/periods, respectively. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	Years Ended December 31,						Four months ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	30,562	54.3	38,929	53.7	46,491	49.2	13,656	53.6	17,902	48.3
Depreciation and amortization	6,091	10.8	5,965	8.2	7,630	8.1	2,943	11.6	2,353	6.4
Office expenses	2,861	5.1	3,419	4.7	5,930	6.3	2,034	8.0	2,919	7.9
Consulting fees[(1)]	3,908	6.9	4,702	6.5	14,887	15.8	557	2.2	5,550	15.0
Business development expenses[(2)]	3,667	6.5	4,242	5.8	5,404	5.7	1,612	6.3	2,567	6.9
Workforce service fee[(3)]	1,844	3.3	3,408	4.7	3,738	4.0	1,618	6.4	1,149	3.1
Share-based payment expenses	3,360	6.0	5,380	7.4	1,228	1.3	504	2.0	1,368	3.7
Taxes and surcharges	1,026	1.8	3,091	4.3	5,240	5.5	1,980	7.8	2,280	6.2
Others[(4)]	2,935	5.3	3,385	4.7	3,955	4.1	550	2.1	956	2.5
Total	**56,254**	**100.0**	**72,521**	**100.0**	**94,503**	**100.0**	**25,454**	**100.0**	**37,044**	**100.0**

Note:

(1) Consulting fees primarily consisted of third party professional service fees, including fees for auditors, legal advisors, and valuers.

(2) Business development expenses primarily included business entertainment expenses and travelling expenses.

(3) Workforce service fee primarily consisted of service fees associated with our administrative activities and supporting functions.

(4) Others primarily included repairs and maintenance expenses and vehicle usage fees.

Research and Development Expenses

Our research and development expenses consisted of staff costs, materials consumption, and depreciation and amortization. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our research and development expenses amounted to RMB61.0 million, RMB76.9 million, RMB124.5 million, RMB40.3 million and RMB47.3 million, respectively, representing 7.1%, 4.9%, 6.4%, 6.9% and 6.8% of our total revenue of the same years/periods, respectively. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

	Years Ended December 31,						Four months ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	34,738	57.0	42,307	55.0	71,521	57.5	24,258	60.2	24,396	51.6
Materials consumption	11,500	18.9	10,587	13.8	25,129	20.2	6,767	16.8	10,619	22.5
Depreciation and amortization	9,139	15.0	16,864	21.9	21,208	17.0	5,796	14.4	9,209	19.5
Patent application fees	1,281	2.1	1,742	2.3	1,924	1.5	897	2.2	919	1.9
Travelling expenses	445	0.7	703	0.9	790	0.6	209	0.5	214	0.5
Share-based payment expenses	3,061	5.0	2,305	3.0	1,527	1.2	876	2.2	43	0.1

	Years Ended December 31,						Four months ended April 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Others	794	1.3	2,430	3.1	2,356	2.0	1,478	3.7	1,857	3.9
Total	**60,958**	**100.0**	**76,938**	**100.0**	**124,455**	**100.0**	**40,281**	**100.0**	**47,257**	**100.0**

(Impairment)/Reversal of Impairment of Financial Assets, Net

Our impairment losses on financial assets primarily represents loss allowances for expected credit losses on trade receivables. We recorded impairment losses on financial assets of RMB0.2 million in 2023 and RMB5.1 million in 2024. In 2025, we recorded reversal on impairment losses on financial assets of RMB2.8 million. In the four months ended April 30, 2025 and 2026, we recorded reversal on impairment losses on financial assets of RMB1.4 million and impairment losses on financial assets of RMB0.7 million, respectively.

Other Expenses

Other expenses primarily consist of bills discounting expenses, foreign exchange losses, and loss on disposal of assets. We recorded other expenses of RMB0.6 million in 2023, RMB0.7 million in 2024, RMB0.8 million in 2025, and RMB0.1 million and RMB0.8 million in the four months ended April 30, 2025 and 2026, respectively.

Finance Costs

Our finance costs primarily consist of interest on bank loans and interest on lease liabilities. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our finance costs amounted to RMB1.4 million, RMB3.2 million, RMB3.6 million, RMB1.7 million and RMB1.6 million, respectively.

Income Tax Credit

We are subject to income tax on an entity basis on profits arising in or derived from jurisdictions in which we operate. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, we recorded income tax credit of RMB12.6 million, RMB5.3 million, RMB3.8 million, RMB2.2 million and RMB4.2 million, respectively.

Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008. We were qualified as a high and new technology enterprise and were subject to income tax at a preferential tax rate of 15% during the Track Record Period. This qualification is subject to review by the relevant governmental authority in the PRC for every three years.

Japan

The subsidiary in Japan was subject to the standard corporate tax rate of 23.2%, additionally, there are local corporate taxes, business taxes, resident taxes, and local corporate special taxes during the Track Record Period.

Loss/Profit for the Year

In light of the above, we recorded a net loss for the year of RMB30.1 million in 2023 with a net loss margin of 3.5%. We achieved a turnaround and recorded net profit of RMB104.8 million and RMB120.4 million in 2024 and 2025, with a net profit margin of 6.7% and 6.2% for the same periods, respectively. In the four months ended April 30, 2025 and 2026, we recorded a net profit of RMB25.1 million and a net profit of RMB36.4 million, with a net profit margin of 4.3% and 5.2%, respectively.

COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2026 Compared to Four Months Ended April 30, 2025

Revenue

Our revenue increased by 19.5% from RMB580.9 million in the four months ended April 30, 2025 to RMB694.5 million in the four months ended April 30, 2026, primarily driven by an increase in the overall average selling price of our motor products from RMB8.4 per unit in the four months ended April 30, 2025 to RMB11.4 per unit in the four months ended April 30, 2026. Such increase in average selling price was underpinned by sustained demand across our key application scenarios, the continued expansion of our product offering and application coverage, and our ongoing product upgrades and mix optimisation. In particular, (i) demand from certain customers, including Customer B, for our products used in smartphones remained substantial, and smartphone applications continued to form our major revenue base; (ii) our non-smartphone business continued to grow and contribute meaningfully to our revenue, with its revenue contribution to motor product sales increasing for the same periods, particularly as revenue from handheld imaging device and action camera applications increased from RMB49.9 million to RMB129.0 million for the same periods, supported in part by continued robust demand from End Customer B in relevant end markets; and (iii) we continued to optimise our product mix towards higher-value products through ongoing product iterations and upgrades, which enhanced our product competitiveness and supported the increase in our overall average selling price and revenue growth.

Revenue from the sales of OIS motors. Our revenue from the sales of OIS motors decreased by 16.0% from RMB430.5 million in the four months ended April 30, 2025 to RMB361.5 million in the four months ended April 30, 2026, primarily due to a decrease in sales volume from 26.5 million units to 14.7 million units for the same periods. Such decrease was mainly attributable to temporary price fluctuations and tight supply in memory-chip, which affected certain end customers' production and shipment of certain entry-level smartphone models and, in turn, led to a decrease in our shipments of the relevant OIS motors with relatively lower unit prices. The impact was partially offset by an increase in revenue from OIS motors with relatively higher unit prices supplied to certain end customers, including Customer B, demand for which was not materially affected by the foregoing factors, as part of the demand deferred in 2025 was subsequently reflected in shipments and revenue recognised in the four months ended April 30, 2026.

Revenue from the sales of periscope motors. Our revenue from the sales of periscope motors increased by 375.9% from RMB12.2 million in the four months ended April 30, 2025 to RMB57.9 million in the four months ended April 30, 2026, primarily due to an increase in sales volume from 0.03 million units to 1.0 million units for the same periods. Such increase was mainly attributable to the transition of certain new periscope motor models from trial production in the comparative period to mass production in the four months ended April 30, 2026, supported by increased customer demand and order intake from Customer B.

Revenue from the sales of open-loop motors. Our revenue from the sales of open-loop motors decreased by 22.6% from RMB71.9 million in the four months ended April 30, 2025 to RMB55.6 million in the four months ended April 30, 2026, primarily due to a decrease in sales volume from 37.5 million units to 28.0 million units for the same periods, which was mainly attributable to our proactive adjustment to the mix of projects undertaken, as we placed greater emphasis on securing and undertaking projects involving products with relatively higher gross profit margins.

Revenue from the sales of closed-loop motors. Our revenue from the sales of closed-loop motors increased by 160.8% from RMB53.4 million in the four months ended April 30, 2025 to RMB139.2 million in the four months ended April 30, 2026, primarily due to an increase in sales volume from 2.4

million units to 8.3 million units for the same periods, which was mainly attributable to continued growth in demand for and shipments of closed-loop motors used in handheld imaging devices, supported in part by robust demand from End Customer B.

Revenue from the sales of other motors. Our revenue from the sales of other motors increased by 466.3% from RMB11.0 million in the four months ended April 30, 2025 to RMB62.2 million in the four months ended April 30, 2026, primarily due to an increase in sales volume from 2.6 million units to 7.1 million units and an increase in average selling price from RMB4.3 per unit to RMB8.8 per unit for the same periods, which were mainly attributable to the increase in shipments of other motor products with relatively higher unit prices and our further expansion in non-smartphone application scenarios including action cameras.

Revenue from the sales of others. Our revenue from the sales of others increased from RMB2.0 million in the four months ended April 30, 2025 to RMB17.9 million in the four months ended April 30, 2026, primarily due to an increase in revenue from the provision of R&D related technical services recognised upon acceptance, mainly driven by the delivery and acceptance of certain customer projects involving technical development and support services for new product applications.

Cost of Sales

Our cost of sales increased by 17.6% from RMB495.9 million in the four months ended April 30, 2025 to RMB583.2 million in the four months ended April 30, 2026, primarily due to higher consumption of raw materials of RMB60.5 million and increased manufacturing overhead costs of RMB17.1 million, in line with our business growth and changes in product mix.

Gross Profit

As a result of the foregoing, our gross profit increased by 30.8% from RMB85.1 million in the four months ended April 30, 2025 to RMB111.3 million in the four months ended April 30, 2026. Our gross profit margin increased from 14.6% in the four months ended April 30, 2025 to 16.0% in the four months ended April 30, 2026.

Gross profit from the sales of OIS motors. Our gross profit from the sales of OIS motors decreased by 6.5% from RMB56.1 million in the four months ended April 30, 2025 to RMB52.5 million in the four months ended April 30, 2026, primarily due to the decrease in revenue from OIS motors. Our gross profit margin from the sales of OIS motors increased from 13.0% to 14.5% for the same periods, primarily due to changes in product mix and customer shipment structure, including (i) lower shipments of OIS motors with relatively lower gross profit margins for certain smartphone models as a result of the temporary price fluctuations and tight supply of memory chip; and (ii) the subsequent fulfilment of part of the customer demand temporarily deferred in 2025 for OIS motor products with relatively higher gross profit margins.

Gross profit from the sales of periscope motors. Our gross profit from the sales of periscope motors decreased by 12.6% from RMB5.3 million in the four months ended April 30, 2025 to RMB4.6 million in the four months ended April 30, 2026, and our gross profit margin from the sales of periscope motors decreased from 43.5% to 8.0% for the same periods, primarily because the relevant sales in the four months ended April 30, 2025 mainly comprised limited-volume trial-production deliveries with relatively high unit prices, resulting in a relatively high gross profit margin during the period. The product mix during the four months ended April 30, 2026 included a newly launched periscope motor model. The commencement of mass-production ramp-up of such model coincided with the Chinese New Year period, during which we incurred additional production-related costs to support the ramp-up and maintain production continuity. These factors resulted in relatively higher unit production costs and lower initial production efficiency, which reduced the overall gross profit margin of periscope motors.

Gross profit from the sales of open-loop motors. Our gross profit from the sales of open-loop motors increased by 15.8% from RMB11.6 million in the four months ended April 30, 2025 to RMB13.4 million in the four months ended April 30, 2026, our gross profit margin from the sales of open-loop motors increased from 16.1% to 24.1% for the same periods, primarily as we proactively secured and undertook certain high-quality projects with relatively high profit margin.

Gross profit from the sales of closed-loop motors. Our gross profit from the sales of closed-loop motors increased by 69.6% from RMB23.0 million in the four months ended April 30, 2025 to RMB39.0 million in the four months ended April 30, 2026, primarily due to the increase in revenue from closed-loop motors. Our gross profit margin from the sales of closed-loop motors decreased from 43.1% to 28.0% for the same periods, primarily due to a decrease in average selling price following the adoption of more competitive pricing arrangements for certain closed-loop motor models, taking into account the significant increase in shipment volumes, our long-term cooperation with key customers and prevailing market conditions.

Gross profit/loss from the sales of other motors. We recorded gross loss from the sales of other motors of RMB1.7 million in the four months ended April 30, 2025 and gross profit of RMB6.1 million in the four months ended April 30, 2026. Such turnaround was primarily due to the increase in revenue from other motors. We recorded gross loss margin from the sales of other motors of 15.5% and gross profit margin of 9.7% for the same periods, respectively. Such improvement in profitability was primarily due to increased sales of other motors applied to non-smartphone application scenarios, including action cameras, UAVs and smart home appliances, which had relatively high profit margins.

Gross profit from the sales of others. Our gross profit from the sales of others increased significantly from RMB0.5 million in the four months ended April 30, 2025 to RMB9.8 million in the four months ended April 30, 2026, primarily due to the increase in revenue from sales of others. Our gross profit margin from the sales of others increased from 27.5% to 54.7% for the same periods, primarily as (i) changes in the mix of R&D-related technical service projects recognised upon acceptance during the period, as projects with relatively higher gross profit margins made a greater contribution; and (ii) a higher proportion of revenue generated from sales of raw materials, which also carried relatively high gross profit margins.

Other Income and Gains

Our other income and gains increased from RMB8.7 million in the four months ended April 30, 2025 to RMB12.3 million in the four months ended April 30, 2026, primarily due to an increase in government grants of RMB2.9 million.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 18.1% from RMB4.7 million in the four months ended April 30, 2025 to RMB3.8 million in the four months ended April 30, 2026, primarily due to a decrease in warranty service costs of RMB0.5 million, as we continued to enhance product quality control and the relevant warranty service requirements decreased.

Administrative Expenses

Our administrative expenses increased by 45.5% from RMB25.5 million in the four months ended April 30, 2025 to RMB37.0 million in the four months ended April 30, 2026, primarily due to (i) an increase in consulting fees of RMB5.0 million resulting from higher professional service fees incurred in connection with the proposed **[REDACTED]**; and (ii) an increase in staff costs of RMB4.2 million due to the increase in our administrative personnel.

Research and Development Expenses

Our research and development expenses increased by 17.3% from RMB40.3 million in the four months ended April 30, 2025 to RMB47.3 million in the four months ended April 30, 2026, primarily as we remained committed to in-house R&D and continued to scale up our R&D investment in line with market trends, resulting in (i) an increase in materials consumption of RMB3.9 million as our R&D projects advanced; and (ii) an increase in depreciation and amortization of RMB3.4 million following our continued investment in R&D-related equipment and facilities.

(Impairment)/Reversal of Impairment of Financial Assets, Net

We recorded reversal of impairment losses on financial assets of RMB1.4 million in the four months ended April 30, 2025, as compared to impairment losses on financial assets of RMB0.7 million in the four months ended April 30, 2026, primarily due to the reversal of loss allowances on certain long aged trade receivables upon their collection in the four months ended April 30, 2025, whereas impairment losses were recognised in the four months ended April 30, 2026 mainly due to an increase in trade receivables balance driven by revenue growth, which resulted in higher expected credit loss allowances.

Other Expenses

Our other expenses increased from RMB0.1 million in the four months ended April 30, 2025 to RMB0.8 million in the four months ended April 30, 2026.

Finance Costs

Our finance costs amounted to RMB1.7 million and RMB1.6 million in the four months ended April 30, 2025 and 2026, respectively.

Income Tax Credit

We recorded income tax credit of RMB2.2 million in the four months ended April 30, 2025 and RMB4.2 million in the four months ended April 30, 2026, primarily due to an increase in deferred tax credit arising from the recognition of deferred tax assets in respect of deductible temporary differences and tax losses.

Profit for the Period

As a result of the foregoing, we recorded a profit for the period of RMB25.1 million in the four months ended April 30, 2025 and RMB36.4 million in the four months ended April 30, 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 25.1% from RMB1,564.5 million in 2024 to RMB1,956.8 million in 2025, primarily driven by an increase in our sales volume from 164.1 million units in 2024 to 226.3 million units in 2025. Such growth was underpinned by sustained demand across our key application scenarios, the continued expansion of our product offering and application coverage, and our ongoing product upgrades and mix optimisation. In particular, (i) demand for imaging-related motor products remained strong, which continued to support our order intake and sales volume; (ii) demand from customers, including Customer B, for our products used in smartphones remained robust, contributing to further growth in our sales revenue; (iii) our non-smartphone business, including handheld device applications, continued to grow and contribute meaningfully to our overall revenue, supported in part by continued demand from End Customer B in relevant end markets; and (iv) we continued to optimise our product mix towards higher-value products through ongoing product iterations and upgrades, which enhanced our product competitiveness and supported our revenue growth.

Revenue from the sales of OIS motors. Our revenue from the sales of OIS motors decreased by 19.7% from RMB1,272.5 million in 2024 to RMB1,022.4 million in 2025, primarily due to a decrease of RMB3.7 per unit in our average selling price from 2024 to 2025, which was mainly driven by changes in the product mix delivered to our customers and a decrease in the proportion of revenue generated from products with relatively high average selling prices, and delayed shipments resulting from the temporary deferral of certain demand from certain of our end customers, including Customer B, as a result of adjustments to its procurement and shipment schedules for certain OIS motor products. Such deferral was temporary in nature as part of the relevant demand was subsequently reflected in shipments of OIS motor products and revenue recognised by us in the first quarter of 2026.

Revenue from the sales of periscope motors. Our revenue from the sales of periscope motors increased significantly by 7,831.4% from RMB2.8 million in 2024 to RMB223.1 million in 2025, primarily due to a significant increase in our sales volume from 0.01 million units in 2024 to 2.0 million units in 2025. The increase was primarily driven by evolving customer demand and the successful mass production of our new periscope motors products, resulting in a significant increase in order intake and shipment volume to Customer B.

Revenue from the sales of open-loop motors. Our revenue from the sales of open-loop motors increased by 40.6% from RMB176.4 million in 2024 to RMB247.9 million in 2025, primarily driven by an increase in our sales volume from 85.3 million units in 2024 to 130.5 million units in 2025. Such growth was primarily as we proactively secured and undertook certain high-quality projects with relatively high profit margin.

Revenue from the sales of closed-loop motors. Our revenue from the sales of closed-loop motors significantly increased by 320.7% from RMB69.6 million in 2024 to RMB292.9 million in 2025, primarily driven by a significant increase in our sales volume from 2.6 million units in 2024 to 16.2 million units in 2025. The volume growth was mainly attributable to sustained downstream demand for high-reliability and compact imaging motors, supported by the ongoing global digital content creation trend and the continued growth of handheld imaging devices. Leveraging our entry into handheld imaging and the commencement of supply of closed-loop motors for End Customer B in 2024, we further increased shipments of such products in 2025.

Revenue from the sales of other motors. Our revenue from the sales of other motors significantly increased by 356.6% from RMB35.7 million in 2024 to RMB163.0 million in 2025, primarily attributable to an increase in our sales volume from 10.5 million units in 2024 to 12.5 million units in 2025, as well as an increase of RMB9.7 per unit in our average selling price from 2024 to 2025. Such growth was primarily as we further expanded our footprint in non-smartphone application sectors including, among others, action camera, coupled with deepened cooperation with our customers, and the ramp-up in demand and order volumes from customers in sectors such as security surveillance and smart home appliances during the period.

Revenue from the sales of others. Our revenue from the sales of others remained stable at RMB7.5 million in 2024 and RMB7.5 million in 2025.

Cost of sales

Our cost of sales increased by 24.0% from RMB1,315.2 million in 2024 to RMB1,630.5 million in 2025 primarily due to higher consumption of raw materials of RMB181.2 million and increased staff costs of RMB52.6 million and manufacturing overhead costs of RMB81.6 million, driven by higher sales volume in line with our business growth.

Gross profit

As a result of the foregoing, our gross profit increased by 30.9% from RMB249.4 million in 2024 to RMB326.3 million in 2025. Our gross profit margin increased from 15.9% in 2024 to 16.7% in 2025.

Gross profit from the sales of OIS motors. Our gross profit from the sales of OIS motors decreased by 43.1% from RMB210.2 million in 2024 to RMB119.5 million in 2025, primarily due to the decrease in revenue from OIS motors. Our gross profit margin decreased from 16.5% in 2024 to 11.7% in 2025, mainly attributable to the temporary deferral of certain demand from the end customer, resulting in delayed shipments and weaker absorption of production costs.

Gross profit from the sales of periscope motors. Our gross profit from the sales of periscope motors increased significantly by 4,195.4% from RMB1.3 million in 2024 to RMB55.6 million in 2025, primarily due to the substantial increase in sales volume and revenue in 2025. Our gross profit margin from the sales of periscope motors decreased from 46.0% in 2024 to 24.9% in 2025, primarily because the relevant sales in 2024 mainly consisted of sample sales with a relatively high average selling price, whereas in 2025, as such products entered the mass production stage, the average selling price decreased, thereby bringing the gross profit margin down to a more normal and stable level.

Gross profit from the sales of open-loop motors. Our gross profit from the sales of open-loop motors increased by 132.3% from RMB18.2 million in 2024 to RMB42.2 million in 2025, and our gross profit margin from the sales of open-loop motors increased from 10.3% to 17.0% for the same years, primarily as we proactively secured and undertook certain high-quality projects with relatively high profit margin.

Gross profit from the sales of closed-loop motors. Our gross profit from the sales of closed-loop motors significantly increased by 248.5% from RMB29.3 million in 2024 to RMB102.0 million in 2025, primarily attributable to an increase in sales volume and revenue from new products applied to new non-smartphone application scenarios, and our gross profit margin from the sales of closed-loop motors decreased from 42.0% to 34.8% for the same years, as we were at the early stage of ramping up production capacity for certain new products with relatively low gross profit margin.

Gross profit/loss from the sales of other motors. We recorded gross loss from the sales of other motors of RMB2.1 million in 2024 and gross profit of RMB13.2 million in 2025, and we recorded gross loss margin from the sales of other motors of 6.0% and gross profit margin of 8.1% for the same years, respectively. Such improvement in profitability was primarily as we achieved mass production and sales of variable-aperture motor applied to new application scenarios including action camera with relatively high profit margin in 2025.

Gross profit from the sales of others. Our gross profit from the sales of others remained relatively stable at RMB3.6 million in 2024 and RMB3.8 million in 2025, and our gross profit margin from the sales of others were 48.5% and 51.5% for the same years.

Other income and gains

Our other income and gains increased from RMB25.1 million in 2024 to RMB28.6 million in 2025, primarily due to (i) an increase in government grants of RMB2.8 million and (ii) an increase in additional deduction of value added tax of RMB2.7 million, which was primarily driven by our business expansion and revenue growth.

Selling and distribution expenses

Our selling and distribution expenses increased by 6.8% from RMB16.6 million in 2024 to RMB17.7 million in 2025, primarily due to (i) an increase in staff costs of RMB2.1 million, and (ii) an increase in business development expenses of RMB1.4 million, generally in line with our business expansion, partially offset by a decrease in warranty service costs of RMB1.3 million.

Administrative expenses

Our administrative expenses increased by 30.3% from RMB72.5 million in 2024 to RMB94.5 million in 2025, primarily due to an increase in consulting fees of RMB10.2 million resulting from higher third-party professional service fees, including fees for auditors, legal advisors, and valuers, incurred in connection with our preparation for the **[REDACTED]**, and an increase in staff costs of RMB7.6 million, generally in line with our business expansion.

Research and development expenses

Our research and development expenses increased by 61.8% from RMB76.9 million in 2024 to RMB124.5 million in 2025, primarily as we remained committed to in-house R&D and continued to scale up our R&D investment in line with market trends, resulting in (i) an increase in staff costs of RMB29.2 million following our expansion into new R&D areas for non-smartphone applications, the enlargement of our R&D team and an increase in average remuneration, and (ii) an increase in materials consumption of RMB14.5 million as our R&D projects advanced.

(Impairment)/reversal of impairment of financial assets, net

We recorded impairment losses on financial assets of RMB5.1 million in 2024. In 2025, we recorded reversal on impairment losses on financial assets of RMB2.8 million, primarily due to the reversal of loss allowances on certain long aged trade receivables upon their collection.

Other expenses

Our other expenses remained relatively stable at RMB0.7 million in 2024 and RMB0.8 million in 2025.

Finance costs

Our finance costs amounted to RMB3.2 million and RMB3.6 million in 2024 and 2025, respectively.

Income tax credit

We recorded income tax credit of RMB5.3 million in 2024, and RMB3.8 million in 2025, primarily due to a decrease in deductible tax loss resulting from the utilization of previously recognized tax losses as we continued to record profit.

Profit for the year

As a result of the foregoing, we recorded profit for the year of RMB104.8 million in 2024 and we recorded profit for the year of RMB120.4 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased significantly by 82.9% from RMB855.3 million in 2023 to RMB1,564.5 million in 2024, primarily an increase in our sales volume from 141.8 million units in 2023 to 164.1 million units in 2024, and an increase of RMB3.5 per unit in our overall average selling price from 2023 to 2024. Such growth was underpinned by increased market demand, expanded product offering and strengthened relationships with our key customers. In particular, (i) market demand for imaging-related motor products increased, which supported our higher customer order intake and higher sales volume; (ii) following the commencement of supply for Customer B in 2023 and the subsequent scale-up of such supply, the sales revenue of our products used in smartphones further increased in 2024; (iii) we maintained a diversified application and customer base with a meaningful contribution from non-smartphone applications, and our non-smartphone business continued to grow, supported by increased demand from End Customer B for its certain products with strong end-market performance, further contributing to our overall volume growth; and (iv) we continued to carry out product iterations and upgrades from entry-level to higher-end products, which improved our product competitiveness and positively supported our average selling price and revenue growth.

Revenue from the sales of OIS motors. Our revenue from the sales of OIS motors increased significantly by 152.7% from RMB503.6 million in 2023 to RMB1,272.5 million in 2024, primarily due to an increase in our sales volume from 38.7 million units in 2023 to 65.6 million units in 2024, and an increase of RMB6.4 per unit in our average selling price from 2023 to 2024. The increase was mainly attributable to our continued deepening of cooperation with customers, including Customer B, the further expansion of the range of OIS motor products supplied by us to such customers, and an increase in the proportion of high-quality projects of high value undertaken by us in 2024.

Revenue from the sales of periscope motors. Our revenue from the sales of periscope motors decreased significantly by 97.5% from RMB113.1 million in 2023 to RMB2.8 million in 2024, primarily due to a significant decrease in our sales volume from 1.6 million units in 2023 to 0.01 million units in 2024. The decrease was mainly attributable to our strategic adjustment to our overall product mix in 2024, as part of our business strategy to broaden the scope of our cooperation with a key customer and deepen our relationship, which in turn resulted in relatively lower shipments of periscope motors to this key customer during the year.

Revenue from the sales of open-loop motors. Our revenue from the sales of open-loop motors remained relatively stable at RMB170.6 million in 2023 and RMB176.4 million in 2024.

Revenue from the sales of closed-loop motors. Our revenue from the sales of closed-loop motors significantly increased by 78.0% from RMB39.1 million in 2023 to RMB69.6 million in 2024, primarily driven by a significant increase of RMB15.3 per unit in our average selling price from 2023 to 2024. Such significant increase was primarily attributable to stronger downstream demand for high-reliability and compact imaging motors driven by the global digital content creation trend and the growth of handheld imaging devices, which in turn resulted in a higher proportion of sales to End Customer B, whose products generally carried a relatively higher average selling price.

Revenue from the sales of other motors. Our revenue from the sales of other motors significantly increased by 106.2% from RMB17.3 million in 2023 to RMB35.7 million in 2024, primarily attributable to our expansion in non-smartphone application sectors, coupled with deepened cooperation with our customers, and the ramp-up in demand and order volumes from customers in sectors such as security surveillance and smart home appliances during the period.

Revenue from the sales of others. Our revenue from the sales of others decreased from RMB11.6 million in 2023 to RMB7.5 million in 2024.

Cost of sales

Our cost of sales increased by 67.8% from RMB783.8 million in 2023 to RMB1,315.2 million in 2024 primarily due to higher consumption of raw materials of RMB374.6 million and increased staff costs of RMB112.1 million and manufacturing overhead costs of RMB40.2 million, driven by higher sales volume in line with our business growth.

Gross profit

As a result of the foregoing, our gross profit increased significantly by 248.8% from RMB71.5 million in 2023 to RMB249.4 million in 2024. Our gross profit margin increased from 8.4% in 2023 to 15.9% in 2024.

Gross profit from the sales of OIS motors. Our gross profit from the sales of OIS motors increased significantly by 292.1% from RMB53.6 million in 2023 to RMB210.2 million in 2024, and our gross profit margin increased from 10.6% to 16.5%, primarily due to improved product mix, economies of scale and enhanced cost control as sales expanded.

Gross profit from the sales of periscope motors. Our gross profit from the sales of periscope motors decreased significantly by 94.1% from RMB22.0 million in 2023 to RMB1.3 million in 2024, primarily due to the significant decline in revenue. Our gross profit margin from the sales of periscope motors amounted to 19.5% in 2023 and 46.0% in 2024, primarily because the relevant sales in 2024 mainly consisted of sample sales of limited sales revenue with a relatively high average selling price.

Gross profit from the sales of open-loop motors. Our gross profit from the sales of open-loop motors increased by 236.7% from RMB5.4 million in 2023 to RMB18.2 million in 2024, and our gross profit margin from the sales of open-loop motors increased from 3.2% to 10.3% for the same periods, primarily as we secured and undertook certain high-quality projects with relatively high gross profit margin.

Gross profit from the sales of closed-loop motors. Our gross profit from the sales of closed-loop motors increased by 492.0% from RMB4.9 million in 2023 to RMB29.3 million in 2024, and our gross profit margin from the sales of closed-loop motors increased from 12.6% to 42.0% for the same periods, primarily due to we launched new products with relatively high gross profit margin for new non-smartphone application scenarios in 2024, together with our continued cost-control, which elevated the gross profit margin.

Gross loss from the sales of other motors. We recorded gross loss from the sales of other motors of RMB8.9 million in 2023 and RMB2.1 million in 2024, and our gross loss margin from the sales of other motors were 51.6% and 6.0% for the same periods, respectively. Such gross losses were primarily attributable to our product structure, as our sales of other motors in 2023 and 2024 mainly consisted of stepper motors, and the revenue generated from such sales remained at a relatively low level. Following the increase in shipment volume and sales revenue, the absorption of production costs improved, which in turn narrowed our gross loss and improved our gross loss margin.

Gross profit from the sales of others. Our gross profit from the sales of others increased from RMB1.9 million in 2023 to RMB3.6 million in 2024, and our gross profit margin from the sales of others were 16.0% and 48.5% for the same periods.

Other income and gains

Our other income and gains increased from RMB18.2 million in 2023 to RMB25.1 million in 2024, primarily due to (i) an increase in government grants of RMB4.9 million, including certain subsidies awarded in recognition of our operating performance in 2024 and (ii) an increase in additional deduction of value added tax of RMB3.5 million, which was primarily driven by our business expansion and revenue growth.

Selling and distribution expenses

Our selling and distribution expenses increased by 26.9% from RMB13.1 million in 2023 to RMB16.6 million in 2024, primarily due to (i) an increase in warranty service costs of RMB2.3 million, and (ii) an increase in staff costs of RMB1.3 million, generally in line with our business growth.

Administrative expenses

Our administrative expenses increased by 28.9% from RMB56.3 million in 2023 to RMB72.5 million in 2024, primarily due to an increase in staff costs of RMB8.4 million and share-based payment expenses of RMB2.0 million resulting from our optimization of compensation structure to better incentivize our core personnel, generally in line with our business growth.

Research and development expenses

Our research and development expenses increased by 26.2% from RMB61.0 million in 2023 to RMB76.9 million in 2024, primarily as we remained committed to in-house R&D and continued to scale up our R&D investment in line with market trends, resulting in (i) an increase in staff costs of RMB7.6 million, and (ii) an increase in depreciation and amortization of RMB7.7 million following business expansion.

Impairment of financial assets, net

We recorded impairment losses on financial assets of RMB0.2 million in 2023 and RMB5.1 million in 2024. The increase was primarily due to our business growth, which resulted in a higher trade receivables balance in 2024, and in turn led to a higher provision for loss allowances on trade receivables.

Other expenses

Our other expenses remained stable at RMB0.6 million in 2023 and RMB0.7 million in 2024.

Finance costs

Our finance costs increased from RMB1.4 million in 2023 to RMB3.2 million in 2024, primarily due to an increase in interest on bank loans resulting from the increased principal amount.

Income tax credit

We recorded income tax credit of RMB12.6 million in 2023, and RMB5.3 million in 2024, primarily due to a decrease in deductible tax loss resulting from the utilization of previously recognized tax losses as we started to record profit in 2024.

(Loss)/Profit for the year

As a result of the foregoing, we recorded loss for the year of RMB30.1 million in 2023 and we recorded profit for the year of RMB104.8 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current Assets and Non-current Liabilities

The following table sets forth the components of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets:				
Property, plant and equipment	302,378	365,496	516,840	523,386
Right-of-use assets	12,400	15,552	16,422	15,663
Intangible assets	9,357	6,995	7,390	6,770
Deferred tax assets	52,351	58,500	63,559	68,210
Prepayments, other receivables and other assets	2,294	886	11,511	11,939
Total non-current assets	**378,780**	**447,429**	**615,722**	**625,968**
Non-current liabilities:				
Interest-bearing bank loans	–	35,713	165,589	161,070
Deferred income	20,940	20,548	24,753	23,281
Lease liabilities	9,314	13,163	13,767	13,740
Total non-current liabilities	**30,254**	**69,424**	**204,109**	**198,091**

For details on the accounting treatment of redemption rights of Pre-**[REDACTED]** investments, see "Discussion of Certain Key Items of Consolidated Statements of Financial Position – Paid-In Capital/ Share Capital" below and note 30 to the Accountants' Report in Appendix I to this document.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of plant and machinery, and construction in progress. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Plant and machinery	220,366	258,906	371,631	395,576
Construction in progress	27,316	56,663	62,491	45,613
Leasehold improvements	31,693	29,696	59,779	56,897
Electronic equipment and others	15,719	12,838	16,475	19,276
Building	3,787	3,297	3,009	2,817
Freehold land	2,527	2,327	2,255	2,155
Motor vehicles	970	1,769	1,200	1,052
Total	**302,378**	**365,496**	**516,840**	**523,386**

Our property, plant and equipment increased from RMB302.4 million as of December 31, 2023 to RMB365.5 million as of December 31, 2024, further to RMB516.8 million as of December 31, 2025 and further increased to RMB523.4 million as of April 30, 2026. The continuous increase during the Track Record Period was generally in line with the growth in our business and the expansion of our production capacity.

Intangible Assets

Our intangible assets primarily consist of patents and licences and software. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Patents and licences	3,847	2,663	1,675	1,267
Software	5,510	4,332	5,715	5,503
Total	**9,357**	**6,995**	**7,390**	**6,770**

Our intangible assets decreased from RMB9.4 million as of December 31, 2023 to RMB7.0 million as of December 31, 2024, primarily due to amortisation. Our intangible assets increased slightly to RMB7.4 million as of December 31, 2025, primarily due to acquisition and implementation of new information and communication systems for business expansion. Our intangible assets decreased to RMB6.8 million as of April 30, 2026, primarily due to amortization.

Right-of-Use Assets

Our right-of-use assets include buildings. We lease properties for our own use, and these lease liabilities were measured at net present value of the lease payments to be paid during the lease terms. Our right-of-use assets increased from RMB12.4 million as of December 31, 2023 to RMB15.6 million as of December 31, 2024, and further increased to RMB16.4 million as of December 31, 2025, primarily due to new lease agreements entered into for our business expansion. Our right-of-use assets decreased to RMB15.7 million as of April 30, 2026, primarily due to depreciation.

Deferred tax assets

Our deferred tax assets primarily included tax loss carry forwards. Our deferred tax assets increased from RMB52.4 million as of December 31, 2023 to RMB58.5 million as of December 31, 2024, further to RMB63.6 million as of December 31, 2025, and then to RMB68.2 million as of April 30, 2026, as we recorded sustained taxable profits in recent years, it is more probable that the sufficient taxable profit will be available in the future for the deferred tax assets to meet the recognition criteria.

Deferred income

Our deferred income included government grant. Our deferred income amounted to RMB20.9 million and RMB20.5 million, as of December 31, 2023 and 2024, remained relatively stable. Our deferred income further increased to RMB24.8 million as of December 31, 2025, primarily due to the receipt of government grants. Our deferred income remained relatively stable at RMB23.3 million as of April 30, 2026.

Current Assets and Current Liabilities

The following table sets forth the components of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,	As of May 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets:					
Inventories	122,163	204,958	256,189	339,436	329,958
Trade and bills receivables	341,398	647,819	672,072	828,172	920,767
Debt investments at fair value through other comprehensive income	129,499	8,655	13,685	35,471	31,174
Prepayments, other receivables and other assets	59,436	40,277	66,249	99,600	104,347
Financial assets at fair value through profit or loss	–	20,048	–	50,024	60,035
Restricted cash	183,917	135,526	55,833	66,385	36,207
Cash and cash equivalents	60,685	204,604	234,255	57,068	64,408
Total current assets	**897,098**	**1,261,887**	**1,298,283**	**1,476,156**	**1,546,896**
Current liabilities:					
Trade and bills payables	709,824	897,919	830,350	936,603	969,447
Contract liabilities	769	2,391	14,263	3,835	4,835
Other payables and accruals	71,726	116,684	162,972	198,051	209,155
Interest-bearing bank loans	20,188	63,283	22,367	34,892	35,854
Lease liabilities	9,737	11,816	7,691	8,431	8,543
Provision	1,842	3,028	3,326	15,563	15,582
Income tax payable	–	–	3	7	7
Total current liabilities	**814,086**	**1,095,121**	**1,040,972**	**1,197,382**	**1,243,423**
Net current assets	**83,012**	**166,766**	**257,311**	**278,774**	**303,473**

Net current assets

Our net current assets increased from RMB83.0 million as of December 31, 2023 to RMB166.8 million as of December 31, 2024, primarily due to (i) an increase in trade and bills receivables of RMB306.4 million, (ii) an increase in cash and cash equivalents of RMB143.9 million, and (iii) an increase in inventories of RMB82.8 million, partially offset by (i) an increase in trade and bills payables of RMB188.1 million, and (ii) a decrease in debt investments at fair value through other comprehensive income of RMB120.8 million.

Our net current assets increased from RMB166.8 million as of December 31, 2024 to RMB257.3 million as of December 31, 2025, primarily due to (i) a decrease in trade and bills payables of RMB67.6 million, (ii) an increase in inventories of RMB51.2 million, and (iii) a decrease in current portion of interest-bearing loans of RMB40.9 million, partially offset by (i) a decrease in restricted cash of RMB79.7 million, and (ii) an increase in other payables and accruals of RMB46.3 million.

Our net current assets increased from RMB257.3 million as of December 31, 2025 to RMB278.8 million as of April 30, 2026, primarily due to (i) an increase in trade and bills receivables of RMB156.1 million, (ii) an increase in inventories of RMB83.2 million, (iii) an increase in financial assets at fair value through profit or loss of RMB50.0 million, (iv) an increase in debt investments at fair value through other comprehensive income of RMB21.8 million, and (v) an increase in prepayments, other receivables and other assets of RMB33.4 million, partially offset by (i) a decrease in cash and cash equivalents of RMB177.2 million, (ii) an increase in trade and bills payables of RMB106.3 million, and (iii) an increase in other payables and accruals of RMB35.1 million.

Our net current assets increased from RMB278.8 million as of April 30, 2026 to RMB303.5 million as of May 31, 2026, primarily due to (i) an increase in trade and bills receivables of RMB92.6 million, (ii) an increase in cash and cash equivalents of RMB7.3 million, and (iii) an increase in financial assets at fair value through profit or loss of RMB10.0 million, partially offset by (i) a decrease in restricted cash of RMB30.2 million, (ii) an increase in trade and bills payables of RMB32.8 million, (iii) an increase in other payables and accruals of RMB11.1 million, and (iv) a decrease in inventories of RMB9.5 million.

Accumulated losses

As of January 1, 2023, we carried accumulated losses of RMB312.3 million. This primarily comprised accumulated loss from our operations prior to 2023 and driven by two factors: (a) the negative impact of the COVID-19 pandemic, which weakened demand in the consumer electronics industry and contributed to our operating results remaining at a relatively low level in 2022, until the market bottomed out and began to recover in 2023; and (b) we were at the early stage of business transformation and expansion into new product lines including, among others, OIS and periscope motors, starting from 2022. During which we incurred higher upfront investments, such as purchases of equipment and other increased R&D expenses, and also recognized certain slow-moving and obsolete materials relating to our legacy business prior to the transformation.

During the Track Record Period, our financial performance improved and we were able to turn around from loss-making in 2023 to profit-making in 2024, primarily because (i) our competitiveness strengthened and our business continued to expand, including deeper cooperation with existing customers and an increase in newly secured projects, which in aggregate supported our market presence expansion; and (ii) we continuously optimised, iterated and upgraded our products in response to evolving market demand and changing customer requirements, which enabled us to broaden our product offering, enhance product competitiveness and undertake a higher proportion of high-quality and relatively higher-value projects, while also continuing to implement cost-control and efficiency enhancement measures. These factors collectively supported our rapid revenue growth and improved our profitability. In particular, our revenue increased by 82.9% from RMB855.3 million in 2023 to RMB1,564.5 million in 2024, while our gross profit increased from RMB71.5 million to RMB249.4 million, with gross profit margin improving from 8.4% to 15.9%.

Inventories

Our inventories consisted of finished goods, work in process (including consigned processing materials, semi-finished goods, contract fulfilment costs, and in-process products) and raw materials. The following table sets for the details of our inventories as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	56,261	137,268	146,090	166,382
Raw materials	45,430	36,260	46,758	49,367
Work in process	20,472	31,430	63,341	123,687
Total	**122,163**	**204,958**	**256,189**	**339,436**

Our inventories increased significantly from RMB122.2 million as of December 31, 2023 to RMB205.0 million as of December 31, 2024, further increased to RMB256.2 million as of December 31, 2025, generally in line with our business growth. Our inventories further significantly increased to RMB339.4 million as of April 30, 2026, primarily due to business expansion and an increase in inventory levels as we ramped up production and built up inventories ahead of expected higher shipment demand in the following months, resulting in a relatively higher inventory balance as of April 30, 2026.

The following table sets forth a summary on the aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	122,163	204,958	256,189	339,436
Total	**122,163**	**204,958**	**256,189**	**339,436**

The following table sets forth our inventory turnover days for the years indicated.

	Year ended December 31,			Four months ended April 30,
	2023	2024	2025	2026
Inventory turnover days[(1)]	47.0	44.8	50.9	61.3

Note:

(1) We calculate inventory turnover days using the average of the beginning and ending balances of total inventories (net of provision for impairment) for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period, which is 360 days for each year and 120 days for four months.

Our inventory turnover days were 47.0 days, 44.8 days, 50.9 days and 61.3 days in 2023, 2024, 2025 and the four months ended April 30, 2026. Fluctuations in our inventory turnover days were primarily driven by our production planning, inventory stocking policy and delivery schedules. Our inventory turnover days increased in 2025, primarily because, to better support our production and delivery arrangements, we moderately brought forward the procurement and stocking of certain raw materials and electronic components, which resulted in a relatively higher average inventory level during the year and in turn lengthened our inventory turnover cycle. Our inventory turnover days further increased to 61.3 days for the four months ended April 30, 2026, primarily due to an increase in inventory balances, as we ramped up production ahead of expected higher shipment demand in the following months.

As of May 31, 2026, RMB172.4 million, or 50.8%, of our inventories as of April 30, 2026 had been subsequently settled or sold.

Trade and Bills Receivables

Our trade and bills receivables increased significantly from RMB341.4 million as of December 31, 2023 to RMB647.8 million as of December 31, 2024, then to RMB672.1 million as of December 31, 2025, and further to RMB828.2 million as of April 30, 2026, generally in line with our business growth. The following table sets forth our trade and bills receivables as of the dates indicated.

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	318,061	624,755	665,461	760,267
Bills receivables	27,850	32,582	13,325	75,284
Less: impairment of trade receivables	(4,513)	(9,518)	(6,714)	(7,379)
Total	**341,398**	**647,819**	**672,072**	**828,172**

We generally grant credit terms ranging from 60 to 90 days to our customers. The following table sets forth the aging analysis of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	339,795	646,939	671,966	827,852
Over 1 year	1,603	880	106	320
Total	**341,398**	**647,819**	**672,072**	**828,172**

The following table sets forth our trade receivables turnover days for the years/periods indicated:

	Year ended December 31,			Four months ended April 30,
	2023	**2024**	**2025**	**2026**
Trade receivables turnover days[(1)]	106.0	106.9	117.2	122.0

Note:

(1) We calculate trade receivables turnover days using the average of the beginning and ending balances of total trade receivables (net of provision for impairment) for a period, divided by the corresponding total revenue for the same period, multiplied by the number of days in such period, which is 360 days for each year and 120 days for four months.

Trade receivables are generally recognised upon customer acceptance of products, whereas the commencement of the relevant credit period generally takes place after reconciliation and invoicing procedures are completed in the following month. Our trade receivables turnover days were 106.0 days, 106.9 days, 117.2 days and 122.0 days in 2023, 2024, 2025 and the four months ended April 30, 2026. Our trade receivables turnover days increased in 2025, primarily due to the higher proportion of revenue recognized towards year-end from customers with relatively longer credit terms, such as Customer G, which led to a higher balance of trade receivables outstanding as at year-end. Our trade receivables turnover days remained relatively stable in the four months ended April 30, 2026. The fluctuation in our trade receivables turnover days during the Track Record Period remained within a normal range.

As of May 31, 2026, RMB174.1 million, or 22.9%, of our trade receivables as of April 30, 2026 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our trade receivables and sufficient provisions have been made.

Debt Investments at Fair Value through Other Comprehensive Income

Our debt investments at fair value through other comprehensive income primarily consist of bank acceptance bills. As of December 31, 2023, 2024, 2025 and April 30, 2026, our debt investments at fair value through other comprehensive income amounted to RMB129.5 million, RMB8.7 million, RMB13.7 million and RMB35.5 million, respectively. The fluctuation during the Track Record Period was primarily due to changes in our funding needs and related bills discounting arrangements.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of other assets, receivables for a claim from a customer, certificate of deposit, value-added tax recoverable, prepayments, prepaid income tax, prepayments for property, plant and equipment, and other receivables and deposits. Our prepayments, other receivables and other assets decreased from RMB61.7 million as of December 31, 2023 to RMB41.2 million as of December 31, 2024, primarily due to redemption upon maturity of certificate of deposit with large principal amount. Our prepayments, other receivables and other assets then increased to RMB77.8 million as of December 31, 2025, and further increased to RMB111.5 million as of April 30, 2026, primarily due to (i) an increase in mould and tooling costs following our business expansion, and (ii) the recognition of a receivable from a customer in respect of compensation claimed following its suspension and cancellation of certain orders, which also gave rise to the pending dispute arising from a raw materials purchase contract with the relevant supplier. See "– Provision" and "Business – Legal Proceedings and Compliance – Legal Proceedings."

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss recorded nil as of December 31, 2023, RMB20.0 million as of December 31, 2024, nil as of December 31, 2025, primarily due to our purchase of structured deposits in 2024, which matured and were fully redeemed in 2025. Our financial assets at fair value through profit or loss amounted to RMB50.0 million as of April 30, 2026, primarily due to our purchase of structured deposits in the four months ended April 30, 2026. Such investment in the financial assets at fair value through profit or loss shall be subject to compliance with Chapter 14 of the Listing Rules upon **[REDACTED]**.

We make investment decisions case-by-case after thoroughly considering a number of factors, including but not limited to the macroeconomic environment, general market conditions, the investment risk management, sources of investment, and the expected profit or potential loss of the investment.

To monitor and control the potential risks associated with our investment portfolio, we have adopted internal procedures to manage our investment. We obtain annual authorisation from the Board for the purchase of structured deposits. Within the approved authorisation limits, and subject to appropriate approval and authorisation, our finance department formulates specific investment proposals in accordance with the relevant authorisation and our cash management policies, and such proposals are implemented upon obtaining the necessary authorisation. Upon **[REDACTED]**, we will further enhance and standardise our investment decision-making process. Major investments beyond management authority will be submitted for review by the Audit Committee and submitted to the Board and/or the Shareholders for approval. The performance of our investments will be reported to our management on a regular and timely basis.

Restricted cash

Our restricted cash decreased from RMB183.9 million as of December 31, 2023 to RMB135.5 million as of December 31, 2024, and further decreased significantly to RMB55.8 million as of December 31, 2025, primarily due to a reduction in restricted bank deposits placed as security for bank acceptance bills following our strategic adjustment of bill settlement arrangements, under which we reduced margin-backed issuance of new bank acceptance bills and increasingly settled payables by endorsing bills received from customers to suppliers, after standardized splitting where necessary, which reduced cash tie-up and improved working capital efficiency. Our restricted cash increased to RMB66.4 million as of April 30, 2026, primarily due to (i) funds temporarily restricted in connection with pending subscriptions for certain structured deposits as of that date; and (ii) an increase in restricted bank deposits placed as security for bank acceptance bills in line with our bill settlement arrangements and the timing of bill issuance and settlement.

Cash and Cash Equivalent

Our cash and cash equivalent increased from RMB60.7 million as of December 31, 2023 to RMB204.6 million as of December 31, 2024, primarily due to (i) increased collections from customers upon maturity of bills receivable and (ii) an increase in bank borrowings in 2024. Our cash and cash equivalent increased to RMB234.3 million as of December 31, 2025, primarily due to increased cash received from the sales of goods driven by our continued business expansion, as well as cash inflows from the maturity and settlement of bills receivable accumulated in prior periods. Our cash and cash equivalents decreased to RMB57.1 million as of April 30, 2026, primarily due to (i) the placement of structured deposits as part of our treasury management; (ii) higher net working capital outflows, mainly reflecting a build-up of inventories in preparation for expected peak-season demand in the second half of the year and an increase in trade and bills receivables, partially offset by an increase in trade and bills payables; and (iii) expenditures relating to moulds, tooling and R&D, which tend to be higher in the first half of the year as we undertake product development and production preparation activities ahead of the peak season.

Trade and Bills Payables

Our trade and bills payables increased from RMB709.8 million as of December 31, 2023 to RMB897.9 million as of December 31, 2024, generally in line with our business growth. Our trade and bills payables remained relatively stable at RMB830.4 million as of December 31, 2025, and further increased to RMB936.6 million as of April 30, 2026, generally in line with our business growth. The following table sets forth our trade and bills payables as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	383,042	668,138	656,092	789,549
Bills payables	326,782	229,781	174,258	147,054
Total	**709,824**	**897,919**	**830,350**	**936,603**

The following table sets forth the aging analysis of our trade and bills payables as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	705,807	893,536	826,232	932,304
Over 1 year	4,017	4,383	4,118	4,299
Total	**709,824**	**897,919**	**830,350**	**936,603**

The following table sets forth our trade payables turnover days for the years/periods indicated.

	Year ended December 31,			Four months ended April 30,
	2023	2024	2025	2026
Trade payables turnover days[(1)]	140.8	143.9	146.2	148.7

Notes:

(1) We calculate trade payables turnover days using the average of the beginning and ending balances of total trade payables for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period, which is 360 days for each year and 120 days for four months.

Our trade payables turnover days were 140.8 days, 143.9 days, 146.2 days and 148.7 days in 2023, 2024, 2025 and the four months ended April 30, 2026, remained relatively stable.

As of May 31, 2026, RMB129.7 million, or 16.4%, of our trade payables as of April 30, 2026 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of payable for endorsed bills receivables that are not derecognised, payroll payable, payables for property, plant and equipment, and other payables. As of December 31, 2023, 2024, and 2025, our other payables and accruals amounted to RMB71.7 million, RMB116.7 million, RMB163.0 million, respectively, such increase was primarily due to (i) an increase in payroll payables as we expanded our workforce and (ii) an increase in payables for equipment and facility purchases in connection with our production capacity expansion. Our other payables and accruals further increased to RMB198.1 million as of April 30, 2026, primarily due to an increase of RMB31.0 million in payables for endorsed bills receivable that were not derecognised.

As of May 31, 2026, RMB115.4 million, or 58.3%, of our other payables and accruals as of April 30, 2026 had been subsequently settled.

Provision

Our provisions primarily represented product warranty provisions and litigation provisions. Our product warranty provisions increased from RMB1.8 million as of December 31, 2023 to RMB3.0 million as of December 31, 2024, primarily in line with the significant growth in our revenue, and remained relatively stable at RMB3.3 million as of December 31, 2025 and April 30, 2026. Our provisions increased significantly from RMB3.3 million as of December 31, 2025 to RMB15.6 million as of April 30, 2026, primarily due to the recognition of a litigation provision of RMB12.2 million in relation to a pending dispute with a supplier arising from a raw materials purchase contract. Such provision was made based on a prudent basis by our Directors after taking into account the relevant facts and circumstances, and court documents received. See "Business – Legal Proceedings and Compliance – Legal Proceedings."

Contract liabilities

Our contract liabilities primarily consist of advances from customers. As of December 31, 2023, 2024, 2025, and April 30, 2026, our contract liabilities amounted to RMB0.8 million, RMB2.4 million, RMB14.3 million, and RMB3.8 million, respectively. The significant increase in 2025 was primarily due to an increase in advance payments received from a customer for our pre-R&D projects relating to robotic motors, for which the relevant performance obligations had not been fully satisfied as of the end of the year. Our contract liabilities decreased to RMB3.8 million as of April 30, 2026, primarily as certain relevant pre-R&D projects were completed and accepted in the four months ended April 30, 2026, upon which the corresponding revenue was recognized.

As of May 31, 2026, RMB0.4 million, or 9.6%, of our contract liabilities as of April 30, 2026 had been subsequently settled.

Paid-In Capital/Share Capital

Our paid-in capital/share capital amounted to RMB106.8 million, RMB106.8 million, RMB106.8 million and RMB106.8 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively.

Pursuant to the shareholders subscription agreements entered into prior to the Track Record Period and on January 20, 2023, our Company issued an aggregate of 38,226,031 ordinary Shares to the Pre-**[REDACTED]** investors at a total net cash proceeds of approximately RMB655.0 million (collectively the "**Pre-[REDACTED] Investments**"). Additionally, pursuant to the share transfer agreements entered in December 2021 and January 2022, Shenzhen Hezheng transferred a total of 7,744,888 ordinary Shares to certain Pre-**[REDACTED]** investors for a total consideration of RMB174.0 million. Pursuant to the above agreements, the Pre-**[REDACTED]** Investors were granted by our Company with special rights ("**Special Rights**") which included redemption rights and liquidation preferences rights.

There was no exercise of redemption rights and liquidation preferences rights granted by our Company throughout the Track Record Period.

On August 19, 2025 and December 23, 2025, our Company and the Pre-**[REDACTED]** investors subsequently entered into supplemental agreements, agreeing that the redemption rights and liquidation preference rights granted by our Company to Pre-**[REDACTED]** investors have been irrecoverably terminated and shall be *void ab initio*, respectively. Taking into account the legal and regulatory framework of our 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 Track Record Period.

Had the Special Rights granted by our 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 in December 2025.

(i) the redemption financial liabilities, total current liabilities, net current liabilities and net deficits would have been:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Redemption financial liabilities	994,205	1,059,717	1,126,037
Total current liabilities	1,808,291	2,154,838	2,167,009
Net current liabilities	(911,193)	(892,951)	(868,726)
Net deficits	(562,667)	(514,946)	(457,113)

(ii) the finance costs associated with the redemption financial liabilities, the net losses/profits, basic and dilutive loss/earnings per share would have been:

	Year ended December 31,			Four months ended April 30,
	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Financial costs associated with the redemption financial liabilities	66,894	65,512	66,320	21,804
Total net (losses)/profits	(96,996)	39,243	54,078	3,338
Basic and dilutive (loss)/earnings per share *(expressed in RMB)*	(0.91)	0.37	0.51	0.03

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from our operating and financing activities. As of December 31, 2023, 2024, 2025 and April 30, 2026, we had cash and cash equivalents of RMB60.7 million, RMB204.6 million, RMB234.3 million and RMB57.1 million, respectively.

The following table sets forth our cash flows for the years/periods indicated.

	For the Years Ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash (used in)/generated from operating activities	(118,017)	113,060	171,140	(44,028)	(92,811)
Net cash used in investing activities	(24,655)	(89,748)	(207,848)	(69,719)	(88,769)
Net cash generated from financing activities	185,300	120,116	66,679	6,640	4,639
Net increase/(decrease) in cash and cash equivalents	42,628	143,428	29,971	(107,107)	(176,941)
Cash and cash equivalents at the beginning of the year	18,233	60,685	204,604	204,604	234,255
Effect of foreign exchange rate changes, net	(176)	491	(320)	986	(246)
Cash and cash equivalents at the end of the year	**60,685**	**204,604**	**234,255**	**98,483**	**57,068**

Net Cash (Used in)/Generated from Operating Activities

In the four months ended April 30, 2026, we had net cash used in operating activities of RMB92.8 million, which primarily represents profit before tax of RMB32.3 million, adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB23.0 million and write-down of inventories to net realisable value of RMB14.1 million, and (ii) movements in working capital, mainly consisting of an increase in trade and bills receivables of RMB126.1 million and an increase in inventories of RMB97.3 million, partially offset by an increase in trade and bills payables of RMB106.3 million.

In the four months ended April 30, 2025, we had net cash used in operating activities of RMB44.0 million, which primarily reflected profit before tax of RMB22.9 million, as adjusted for (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB17.4 million and write-down of inventories to net realisable value of RMB9.7 million; and (ii) movements in working capital, mainly comprising a decrease in trade and bills payables of RMB206.7 million, partially offset by a decrease in restricted cash of RMB113.2 million and a decrease in trade and bills receivables of RMB75.2 million.

In 2025, we had net cash generated from operating activities of RMB171.1 million, which primarily represents profit before tax of RMB116.6 million, adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB58.5 million, write-down of inventories to net realisable value of RMB10.0 million, partially offset by reversal of impairment on financial assets, net of RMB2.8 million, and (ii) movements in working capital, mainly consisting of a decrease in restricted cash of RMB109.7 million and an increase in other payables and accruals of RMB22.2 million, partially offset by a decrease in trade and bills payables of RMB67.6 million, and an increase in inventories of RMB61.2 million.

In 2024, we had net cash generated from operating activities of RMB113.1 million, which primarily represents profit before tax of RMB99.4 million, adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB42.4 million and write-down of inventories to net realizable value of RMB11.0 million, partially offset by interest income of RMB1.4 million, and (ii) movements in working capital, mainly consisting of an increase in trade and bills payables of RMB187.8 million, a decrease in debt investments at fair value through other comprehensive income of RMB120.8 million, partially offset by an increase in trade and bills receivables of RMB356.6 million and an increase in inventories of RMB93.8 million.

In 2023, we had net cash used in operating activities of RMB118.0 million, which primarily represents loss before tax of RMB42.7 million, adjusted by (i) non-cash and non-operating items, which primarily consist of interest income of RMB1.8 million and investment income on financial assets at fair value through profit or loss of RMB1.6 million, partially offset by depreciation of property, plant and equipment of RMB38.9 million, write-down of inventories to net realizable value of RMB7.4 million, and equity-settled share-based payment expenses of RMB7.1 million, and (ii) movements in working capital, mainly consisting of an increase in trade and bills receivables of RMB226.4 million, partially offset by an increase in trade and bills payables of RMB279.3 million. Our net operating cash outflows in 2023 were primarily attributable to (i) our net loss for the year, and (ii) an increase in restricted cash placed as security for bank acceptance bills.

Net Cash Used in Investing Activities

In the four months ended April 30, 2026, we had net cash used in investing activities of RMB88.8 million, primarily attributable to purchase of financial assets at fair value through profit or loss of RMB750.0 million, increase in restricted cash of RMB40.0 million and purchases of items of property, plant and equipment of RMB29.1 million, partially offset by disposal of financial assets at fair value through profit or loss of RMB700.7 million.

In the four months ended April 30, 2025, we had net cash used in investing activities of RMB69.7 million, primarily attributable to purchases of financial assets at fair value through profit or loss of RMB190.0 million and purchases of items of property, plant and equipment of RMB52.7 million, partially offset by disposal of financial assets at fair value through profit or loss of RMB170.4 million.

In 2025, we had net cash used in investing activities of RMB207.8 million, primarily attributable to purchase of financial assets at fair value through profit or loss of RMB682.6 million and purchases of items of property, plant and equipment of RMB200.5 million, partially offset by disposal of financial assets at fair value through profit or loss of RMB703.8 million.

In 2024, we had net cash used in investing activities of RMB89.7 million, primarily attributable to purchases of items of property, plant and equipment of RMB99.8 million and purchase of financial assets at fair value through profit or loss of RMB202.0 million, partially offset by disposal of financial assets at fair value through profit or loss of RMB182.3 million.

In 2023, we had net cash used in investing activities of RMB24.7 million, and purchases of items of property, plant and equipment of RMB97.5 million, partially offset by proceeds from maturity of time deposits of RMB28.8 million, disposal of financial assets at fair value through profit or loss or RMB22.4 million, and disposal of certificates of deposits of RMB21.6 million.

Net Cash Generated from Financing Activities

In the four months ended April 30, 2026, we had net cash generated from financing activities of RMB4.6 million, primarily attributable to new bank loans of RMB17.9 million, partially offset by repayment of bank loans of RMB10.1 million, interest paid of RMB1.2 million and payment for **[REDACTED]** expenses of RMB1.2 million.

In the four months ended April 30, 2025, we had net cash generated from financing activities of RMB6.6 million, primarily attributable to new bank loans of RMB59.2 million, partially offset by repayment of bank loans of RMB45.9 million and interest paid of RMB1.5 million.

In 2025, we had net cash generated from financing activities of RMB66.7 million, primarily attributable to new bank loans of RMB172.1 million, partially offset by repayment of bank loans of RMB83.2 million.

In 2024, we had net cash generated from financing activities of RMB120.1 million, primarily attributable to new bank loans of RMB165.3 million, partially offset by repayment of bank loans of RMB40.1 million.

In 2023, we had net cash generated from financing activities of RMB185.3 million, primarily attributable to new bank loans of RMB102.4 million and capital contribution by Shareholders of RMB100.0 million, partially offset by repayment of bank loans of RMB15.4 million.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025, and April 30, and May 31, 2026, our indebtedness included bank loans, and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,	As of May 31,
	2023	**2024**	**2025**	**2026**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current					
Interest-bearing bank loans	20,188	63,283	22,367	34,892	35,854
Lease liabilities	9,737	11,816	7,691	8,431	8,543
Non-current					
Interest-bearing bank loans	–	35,713	165,589	161,070	171,154
Lease liabilities	9,314	13,163	13,767	13,740	13,559
Total	**39,239**	**123,975**	**209,414**	**218,133**	**229,110**

Interest-bearing bank loans

As of December 31, 2023, 2024, 2025, and April 30, and May 31, 2026, we had interest-bearing bank loans of RMB20.2 million, RMB99.0 million, RMB188.0 million, RMB196.0 million and RMB207.0 million, respectively, which primarily included secured and unsecured bank loans. During the Track Record Period, the interest rate of bank loans with fixed-rate ranged from 2.4% to 3.5%. The interest rate of bank loans with floating-rate was related to PRC Loan-Prime-Rate. See note 26 of the Accountants' Report in Appendix I to this Document. As of May 31, 2026, our unutilized facilities from financial institutions amounted to RMB558.3 million.

Lease Liabilities

Our lease liabilities represented the outstanding lease payments primarily in respect of our leased buildings and properties.

The following table sets out our lease liabilities as of the dates indicated.

	As of December 31,			As of April 30,	As of May 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current portion	9,737	11,816	7,691	8,431	8,543
Non-current portion	9,314	13,163	13,767	13,740	13,559
Total	**19,051**	**24,979**	**21,458**	**22,171**	**22,102**

Our lease liabilities were primarily related to our leases of production and operation facilities. Our lease liabilities increased from RMB19.1 million as of December 31, 2023 to RMB25.0 million as of December 31, 2024, primarily due to our expanded operations, which led to certain new leases for production facilities and employee accommodation. Our lease liabilities decreased by 14.1% to RMB21.5 million as of December 31, 2025, as we made certain payments. Our lease liabilities increased to RMB22.2 million as of April 30, 2026, primarily due to certain new leases for office and R&D purpose.

Indebtedness Statement

Save as disclosed above, as of December 31, 2023, 2024, 2025, and April 30, and May 31, 2026, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since May 31, 2026, being the latest practicable date for the purpose of the indebtedness statement, and up to the Latest Practicable Date. We also confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants.

CAPITAL COMMITMENTS

Our capital commitments mainly represent purchase of items of property, plant and equipment for which we have contracted but have not provided for. As of December 31, 2023, 2024, 2025 and April 30, 2026, our capital commitment amounted to RMB14.8 million, RMB22.4 million, RMB112.6 million, and RMB52.5 million.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. As of December 31, 2023, 2024, 2025 and April 30, 2026, we have guarantee for bank loans and bill payables provided free of charge with the duration period from 2023 to 2030 and from 2023 to 2027, respectively, by Mr. Cai of RMB100.1 million, RMB163.3 million, RMB336.5 million, and RMB305.3 million, which is expected to be released before **[REDACTED]**. See note 36 to the Accountants' Report in Appendix I to this Document. Our Directors believe that these transactions were conducted in the ordinary and usual course of business, and did not distort our results of operations or make our historical results unreflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of/for the years/periods indicated.

	As of/For the Years Ended December 31,			As of/For the Four Months Ended April 30,
	2023	2024	2025	2026
Revenue growth rate[(1)] *(%)*	N/A	82.9	25.1	19.5
Return on equity[(2)] *(%)*	(7.6)	21.5	19.8	5.7
Return on assets[(3)] *(%)*	(2.7)	7.0	6.6	2.0

Notes:

(1) Revenue growth rate is calculated based on revenue growth for the relevant year/period divided by revenue for the previous year/corresponding period of the previous year and multiplied by 100%.

(2) Return on equity is calculated by the profit for the period attributable to owners of our Company divided by the average of opening and closing balances of the total equity and multiplied by 100%.

(3) Return on assets is calculated based on profit for the period attributable to owners of our Company divided by the average of opening and closing balances of the total assets and multiplied by 100%.

Revenue growth rate

See "– Comparison of Results of Operations" for a discussion of the factors affecting our revenue and its growth during the Track Record Period.

Return on Equity and Return on Assets

Our return on equity increased from (7.6)% in 2023 to 21.5% in 2024, primarily reflecting a significant increase in our profitability. We recorded return on equity of 19.8% in 2025, remained relatively stable. Our return on equity was 5.7% for the four months ended April 30, 2026.

Our return on assets increased from (2.7)% in 2023 to 7.0% in 2024, primarily reflecting a significant increase in our profitability. We recorded return on assets of 6.6% in 2025, remained relatively stable. Our return on assets was 2.0% for the four months ended April 30, 2026.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any material off-balance sheet arrangements.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period primarily consisted of purchases of items of property, plant and equipment and purchases of intangible assets. Our capital expenditures were RMB100.6 million, RMB100.1 million, RMB203.7 million and RMB29.6 million as of December 31, 2023, 2024, 2025 and the four months ended April 30, 2026, respectively.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and Use of **[REDACTED]** – Use of **[REDACTED]**." We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities and net **[REDACTED]** from the **[REDACTED]**.

FINANCIAL RISKS

We are exposed to a variety of interest rate risk, foreign currency risk, credit risk and liquidity risk. Our overall risk management strategy seeks to minimize potential adverse effects of the aforesaid risks on our financial performance. For details, see note 40 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

During the Track Record Period, no dividend was declared or paid by us. As of the Latest Practicable Date, we had not established a formal dividend policy or a specified dividend pay-out ratio. After completion of the **[REDACTED]**, our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders subject to the discretion of our Directors, taking into account the operating results, in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As advised by our PRC Legal Adviser, taking into account the aforesaid, during 2023, 2024 and 2025, we had accumulated losses and therefore did not have distributable profits available for dividend distribution. As of April 30, 2026, such accumulated losses had been fully offset and we recorded retained earnings. Nevertheless, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors – Risks Relating to Our Business and Industry – Our historical results may not be indicative of our future performance and our results of operations, and we may not be able to manage future growth effectively."

DISTRIBUTABLE RESERVES

As of April 30, 2026, we had retained earnings of RMB6.0 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including our cash flow from operating activities, cash and cash equivalents on hand, banking facilities and estimated net **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document.

[REDACTED] EXPENSE

[REDACTED] expenses represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. Assuming the **[REDACTED]** is not exercised and based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range), **[REDACTED]** expenses to be borne by us are estimated to be approximately RMB**[REDACTED]** (HK$**[REDACTED]**), comprising: (i) **[REDACTED]** fees of RMB**[REDACTED]** (HK$**[REDACTED]**); and (ii) non-**[REDACTED]**-related expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), which are further categorized into: (a) fees and expenses of legal advisers and accountants of RMB**[REDACTED]** (HK$**[REDACTED]**); and (b) other fees and expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of which is expected to be deducted from equity upon the completion of the **[REDACTED]**. Amongst which, during the Track Record Period, we incurred **[REDACTED]** expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), of which RMB**[REDACTED]** (HK$**[REDACTED]**) was recognized as administrative expenses in the consolidated statements of profit or loss and RMB**[REDACTED]** (HK$**[REDACTED]**) was directly attributable to the issuance of **[REDACTED]** which is expected to be charged against equity upon **[REDACTED]**. The **[REDACTED]** expenses are expected to represent approximately **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range) and that the **[REDACTED]** is not exercised. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

IMPACT OF COVID-19

The COVID-19 pandemic has affected the Chinese and global economy. During the Track Record Period, we had not experienced material disruptions in our production. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, the COVID-19 outbreak did not materially and adversely impact on our business, results of operations and financial condition nor caused material disruption to our supply chain. Our revenue increased from RMB855.3 million in 2023 to RMB1,564.5 million in 2024 and further to RMB1,956.8 million in 2025, representing a CAGR of 51.3%. Our revenue increased from RMB580.9 million in the four months ended April 30, 2025 to RMB694.5 million in the four months ended April 30, 2026.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We 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.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since April 30, 2026, which is the end date of the periods reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since April 30, 2026 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET CONSOLIDATED TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF OUR COMPANY

For details of our unaudited **[REDACTED]** adjusted combined net tangible assets, please see "Appendix II Unaudited **[REDACTED]** Financial Information" to this document.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See "Business – Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the **[REDACTED]** Range of between HK$**[REDACTED]** and HK$**[REDACTED]** per H Share) and the **[REDACTED]** is not exercised, we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]**. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for the research and development of new products, the upgrade and optimization of technologies, and the establishment of laboratories and technical platforms, of which approximately **[REDACTED]**%, **[REDACTED]**%, **[REDACTED]**% and **[REDACTED]**% is expected to be used in 2026, 2027, 2028 and 2029, respectively. Specifically,

  (i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the construction of advanced technology laboratories and the establishment of a fundamental technology platform, to support forward-looking research into the underlying technologies of micro motors, new materials, and novel principles, as well as control systems and softwares. Our end customers have exhibited a strong and established demand for advanced imaging features. Establishing these laboratories will empower us to collaborate closely with industry-leading terminal brands to pre-research these cutting-edge technologies, accelerating their commercialization to meet such evolving business needs. We will focus on developing advanced solutions such as variable aperture motors, ultra-telephoto folding motors, zero-gravity focus motors, and miniature frameless torque motors, thereby establishing a pipeline of pre-research technologies for our long-term development. Specifically, we plan to allocate (a) approximately **[REDACTED]**% to lease premises for the R&D center and laboratories, (b) approximately **[REDACTED]**% to procure R&D and measurement equipment including high-precision 3D printers and imaging light transmission measuring machine, (c) approximately **[REDACTED]**% to recruit approximately 100 R&D personnel, and (d) approximately **[REDACTED]**% to cover the procurement of R&D materials and testing expenses. We expect to execute this laboratory establishment plan in phases: (i) in 2026 and 2027, we plan to focus on preparing the sites, procuring the equipment, and establishing the optical precision motor and material laboratories, alongside initiating the optical imaging laboratory in 2027; (ii) in 2028, we expect to commence the establishment of the system laboratory; and (iii) in 2029, we target to complete the establishment of the joint module laboratory. According to Frost & Sullivan, the global micro motor market is expected to continue to expand in the coming years, supported by sustained growth across major downstream application industries. In particular, demand from smartphones, automobiles, medical, consumer-grade UAVs, handheld imaging and robotics is expected to continue to grow, with emerging application segments such as handheld imaging and robotics expected to become increasingly important drivers of future market expansion.

(ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the upgrade and optimization of a new generation of imaging motor technology, with a target of achieving a comprehensive technological iteration of our existing imaging motor products to meet the requirements of high-end models. As the penetration of high-end smartphone models deepens, our major customers are imposing increasingly stringent requirements on camera modules, demanding increasingly diversified functionalities, higher response speed, greater precision, and lower power consumption within constrained envelopes. To capture these established business opportunities, we plan to accelerate the comprehensive technological iterations of our existing imaging motor products. We aim to develop high-performance Optical Image Stabilization technology, continuous optical zoom solutions, and piezoelectric technology, to enhance the performance advantages of our imaging motor products in terms of response speed, precision, power consumption, and stability, and to solidify our leading position in the high-end imaging motor market. Specifically, we plan to allocate (a) approximately **[REDACTED]**% to lease premises for the R&D center, (b) approximately **[REDACTED]**% to procure equipment such as coordinate measuring machines and scanning electron microscopes, (c) approximately **[REDACTED]**% to recruit approximately 60 R&D personnel, and (d) approximately **[REDACTED]**% to cover the procurement of R&D materials and testing expenses. From 2026 to 2029, we plan to continue conducting R&D to support our customers' product updates and pre-research into new technologies. These developments generally involve team assembly (taking approximately 6 to 9 months), customer communication (taking approximately 6 to 9 months), project initiation and R&D (taking approximately 6 to 9 months), and product tooling (taking approximately 6 to 9 months), followed by trial production and sample delivery (taking approximately 9 to 12 months), and final product evaluation (taking approximately 3 to 6 months). According to Frost & Sullivan, in terms of downstream application industries for micro motors, smartphones dominate the market and the global market is expected to grow at a CAGR of 8.3% from 2026 to 2030.

(iii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the development of (x) UAV drive motors, with a focus on the development of external rotor brushless propeller motors and gimbal motors, and (y) core drive units for embodied robots, with a focus on the development of joint motor components for dexterous hands. We have identified concrete business needs and established robust commercial traction with industry-leading customers. In the consumer-grade UAV sector, we have already achieved mass production cooperation with industry-leading UAV manufacturers. Meanwhile, for embodied robots, we are already in direct communication and sample cooperation with top-tier robotics manufacturers. We have also commenced pre-R&D projects relating to robotic motors in 2025. This plan involves the integrated module development of "motor + gears", extending our expertise into the high-value-added, high-technical-barrier field of low-altitude economy micro motors and robotic joint motors. Specifically, we plan to allocate (a) approximately **[REDACTED]**% to lease premises for the R&D center, (b) approximately **[REDACTED]**% to procure equipment including coordinate measuring machines and high-precision torque testers, (c) approximately **[REDACTED]**% to recruit approximately 60 R&D personnel, and (d) approximately **[REDACTED]**% to cover the procurement of R&D materials and testing expenses. From 2026 to 2029, we plan to continuously develop our robotic core drive units and UAV drive motors. These developments generally involve team assembly (taking approximately 3 to 6 months), customer communications (taking approximately 6 to 9 months), project initiation and R&D (taking approximately 3 to 6 months), product tooling (taking approximately 9 to 12 months), and trial production and sample delivery (taking approximately 9 to 12 months). According to Frost & Sullivan, in terms of downstream application industries for micro motors, sectors including UAV and robotics are experiencing rapid growth and will become key drivers for future market expansion. Specifically, the global micro motor market for robotics is expected to grow at a CAGR of 18.7% from 2026 to 2030.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]**, is expected to be used for the development of new production base and lines, of which approximately **[REDACTED]**%, **[REDACTED]**%, **[REDACTED]**% and **[REDACTED]**% is expected to be used in 2026, 2027, 2028 and 2029, respectively. Specifically,

  (i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the establishment of a production base for low-altitude economy micro motor. We plan to construct automated production lines for external rotor brushless propeller motors and gimbal motors, to establish a high-technology, highly automated brushless motor factory. The designed annual production capacity is 120 million units, with the expected value of RMB600 million. Specifically, we plan to allocate (a) approximately **[REDACTED]**% to lease new production workshops and warehouses, (b) approximately **[REDACTED]**% to procure and install automated production equipment for brushless motor and gimbal motor lines including automatic pin insertion machine and wire harness winding machine, and (c) approximately **[REDACTED]**% to recruit approximately 300 personnel, comprising approximately 250 operators, 25 engineers (including mechanical design, process, and quality engineering), 10 managerial and supervisory staff (such as plant managers and project managers), and 15 supporting functional staff (such as quality inspectors, warehouse keepers, and maintenance staff). We expect the construction of this production base to take approximately four years, with site preparation and renovation primarily in 2026, phased equipment procurement, commissioning and commencement of production from 2026 to 2028, and the overall construction expected to be completed by 2029.

  (ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the establishment of production lines for core components of embodied robots. The designed annual production capacity is 10 million units. Specifically, we plan to allocate (a) approximately **[REDACTED]**% to lease new production workshops and warehouses, (b) approximately **[REDACTED]**% to procure and install equipment such as precision motor assembly lines, precision gear grinding machines, and joint module assembly lines, and (c) approximately **[REDACTED]**% to recruit approximately 100 personnel covering production managers, skilled operator with relevant working experience, quality managers and other supporting functions. The establishment of these production lines is expected to be rolled out as follows: (i) in 2026, we plan to finalize the production line planning and complete the required plant renovations, followed by the initiation of equipment procurement; (ii) in 2027, we target to complete the equipment commissioning and commence trial production of the joint module components; and (iii) in 2028 and 2029, we expect to further expand our production capacity in phases through additional equipment procurement and installation to align with customer demand and market developments.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for advancing the automation and digitalisation of our production lines, of which approximately **[REDACTED]**%, **[REDACTED]**%, **[REDACTED]**% and **[REDACTED]**% is expected to be used in 2026, 2027, 2028 and 2029, respectively. We aim to systematically upgrade our manufacturing infrastructure, thereby optimising manufacturing processes, elevating automation level and improving overall production efficiency.

  The proposed investment is expected to optimize multiple stages of our production process, including material handling, component assembly, in-process inspection, product testing, quality control, data collection, equipment monitoring and production scheduling. In particular, automated equipment is expected to reduce direct operator involvement in certain repetitive assembly, handling, inspection and testing procedures, lower direct labour input per unit for the relevant production steps, improve production and testing throughput, and reduce production variance caused by manual operations. Digitalisation measures, including equipment data networking and production data management, are expected to improve production scheduling, equipment monitoring, process control and quality traceability. As the relevant measures will be implemented in phases across different production lines, products

and process steps, the actual benefits may vary depending on product mix, customer demand, equipment commissioning progress, utilisation rate and production ramp-up. We believe that such investment will help optimize our production process, improve cost absorption, strengthen our cost competitiveness and support our profitability over time. Specifically,

(i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the procurement of new automation equipment including upgrades to automated production lines, automated testing/inspection equipment and ancillary automation systems, such as cleaning and robotics. Through these procurement, we plan to increase the automation rate and complete the upgrade and transformation of our production lines. We aim to achieve breakthroughs in appearance AI and develop automation equipment for key posts in 2026 and 2027. Data networking for automation equipment is expected to be established by 2028. Finally, we plan to set up the data processing center and broadly roll out our digital platform by 2029.

(ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the recruitment of technical personnel dedicated to advancing our digital infrastructure and workforce training. In particular, we plan to recruit approximately 160 technical and engineering personnel with experience in smart manufacturing to support our digitalization initiatives, which primarily include approximately 65 engineering and maintenance personnel, 45 production technology specialists, 30 fixture development engineers, and 20 equipment design and development engineers. In parallel, we will conduct specialised training for employees to enhance their skills related to smart manufacturing processes.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for the 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]**, respectively.

The additional net **[REDACTED]** that we would receive if the **[REDACTED]** is exercised in full would be (i) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the maximum **[REDACTED]**), (ii) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of the **[REDACTED]** range) and (iii) HK$**[REDACTED]** million (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the minimum **[REDACTED]**).

To the extent that the net **[REDACTED]** from the **[REDACTED]** (including the net **[REDACTED]** from the exercise of the **[REDACTED]**) are either more or less than expected, we may 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, we may only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF New Shicoh Motor Co., Ltd., HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

INTRODUCTION

We report on the historical financial information of New Shicoh Motor Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [3] to [•], which comprises the consolidated statements of profit or loss and other 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, 2025 and the four months ended 30 April 2026 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at the end of each of the Relevant Periods and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [3] to [•] 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* 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.

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 the end of each of the Relevant Periods 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.

Review of interim comparative financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2025, and other explanatory information (the "**Interim Comparative Financial Information**").

The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, 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 I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[•] 2026

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below are the Historical Financial Information which form 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 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
REVENUE	5	855,330	1,564,534	1,956,824	580,935	694,460
Cost of sales		(783,834)	(1,315,182)	(1,630,525)	(495,867)	(583,182)
Gross profit		71,496	249,352	326,299	85,068	111,278
Other income and gains	5	18,226	25,125	28,619	8,669	12,269
Selling and distribution expenses		(13,056)	(16,565)	(17,694)	(4,664)	(3,818)
Administrative expenses		(56,254)	(72,521)	(94,503)	(25,454)	(37,044)
Research and development expenses		(60,958)	(76,938)	(124,455)	(40,281)	(47,257)
(Impairment)/reversal of impairment of financial assets, net		(164)	(5,057)	2,785	1,429	(677)
Other expenses		(570)	(727)	(815)	(134)	(846)
Finance costs	6	(1,401)	(3,231)	(3,598)	(1,688)	(1,612)
(LOSS)/PROFIT BEFORE TAX	7	(42,681)	99,438	116,638	22,945	32,293
Income tax credit	10	12,579	5,317	3,760	2,197	4,155
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(30,102)	104,755	120,398	25,142	36,448
Attributable to:						
Owners of the parent		(30,102)	104,755	120,398	25,142	36,448
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted *(RMB per share)*	12	(0.28)	0.98	1.13	0.24	0.34
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(30,102)	104,755	120,398	25,142	36,448

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
OTHER COMPREHENSIVE (LOSS)/ INCOME					
Other comprehensive income that may be reclassified to profit and loss in subsequent periods:					
Exchange differences on translation of foreign operations	(332)	(605)	(201)	669	(295)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD	(30,434)	104,150	120,197	25,811	36,153
Attributable to:					
Owners of the parent	(30,434)	104,150	120,197	25,811	36,153

For the details of pre-**[REDACTED]** investments, please refer to note 30 to this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 April
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	13	302,378	365,496	516,840	523,386
Right-of-use assets	15	12,400	15,552	16,422	15,663
Intangible assets	14	9,357	6,995	7,390	6,770
Deferred tax assets	18	52,351	58,500	63,559	68,210
Prepayments, other receivables and other assets	20	2,294	886	11,511	11,939
Total non-current assets		378,780	447,429	615,722	625,968
CURRENT ASSETS					
Inventories	17	122,163	204,958	256,189	339,436
Trade and bills receivables	19	341,398	647,819	672,072	828,172
Debt investments at fair value through other comprehensive income	23	129,499	8,655	13,685	35,471
Prepayments, other receivables and other assets	20	59,436	40,277	66,249	99,600
Financial assets at fair value through profit or loss	21	–	20,048	–	50,024
Restricted cash	22	183,917	135,526	55,833	66,385
Cash and cash equivalents	22	60,685	204,604	234,255	57,068
Total current assets		897,098	1,261,887	1,298,283	1,476,156
CURRENT LIABILITIES					
Trade and bills payables	24	709,824	897,919	830,350	936,603
Contract liabilities	27	769	2,391	14,263	3,835
Other payables and accruals	25	71,726	116,684	162,972	198,051
Interest-bearing bank loans	26	20,188	63,283	22,367	34,892
Lease liabilities	15	9,737	11,816	7,691	8,431
Provision	29	1,842	3,028	3,326	15,563
Income tax payable		–	–	3	7
Total current liabilities		814,086	1,095,121	1,040,972	1,197,382
NET CURRENT ASSETS		83,012	166,766	257,311	278,774
TOTAL ASSETS LESS CURRENT LIABILITIES		461,792	614,195	873,033	904,742

		As at 31 December			As at 30 April
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	26	–	35,713	165,589	161,070
Deferred income	28	20,940	20,548	24,753	23,281
Lease liabilities	15	9,314	13,163	13,767	13,740
Total non-current liabilities		30,254	69,424	204,109	198,091
Net assets		431,538	544,771	668,924	706,651
EQUITY					
Equity attributable to owners of the parent					
Share capital	30	–	–	106,826	106,826
Paid-in capital	30	106,826	106,826	–	–
Reserves	31	324,712	437,945	562,098	599,825
		431,538	544,771	668,924	706,651
Total equity		431,538	544,771	668,924	706,651

For the details of pre-**[REDACTED]** investments, please refer to note 30 to this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent						
	Paid-in capital	Capital reserve	Reserve funds	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	RMB'000 (note 30)	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*
As at January 1, 2023	102,375	553,940	27	13,460	(1,619)	(312,317)	355,866
Loss for the year	–	–	–	–	–	(30,102)	(30,102)
Exchange differences on translation of foreign operations	–	–	–	–	(332)	–	(332)
Total comprehensive loss for the year	–	–	–	–	(332)	(30,102)	(30,434)
Share-based payments *(note 32)*	–	–	–	7,096	–	–	7,096
Capital contribution by shareholders	4,451	94,559	–	–	–	–	99,010
As at December 31, 2023	106,826	648,499*	27*	20,556*	(1,951)*	(342,419)*	431,538

Year ended 31 December 2024

	Attributable to owners of the parent						
	Paid-in capital	Capital reserve	Reserve funds	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	RMB'000 (note 30)	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*
As at January 1, 2024	106,826	648,499	27	20,556	(1,951)	(342,419)	431,538
Profit for the year	–	–	–	–	–	104,755	104,755
Exchange differences on translation of foreign operations	–	–	–	–	(605)	–	(605)
Total comprehensive (loss)/ income for the year	–	–	–	–	(605)	104,755	104,150
Share-based payments *(note 32)*	–	–	–	9,083	–	–	9,083
As at December 31, 2024	106,826	648,499*	27*	29,639*	(2,556)*	(237,664)*	544,771

Year ended 31 December 2025

	Attributable to owners of the parent							
	Share capital	Paid-in capital	Capital reserve	Reserve funds	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	RMB'000 (note 30)	*RMB'000 (note 30)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*
As at January 1, 2025	–	106,826	648,499	27	29,639	(2,556)	(237,664)	544,771
Profit for the year	–	–	–	–	–	–	120,398	120,398
Exchange differences on translation of foreign operations	–	–	–	–	–	(201)	–	(201)
Total comprehensive income for the year	–	–	–	–	–	(201)	120,398	120,197
Share-based payments *(note 32)*	–	–	–	–	3,956	–	–	3,956
Conversion into a joint stock company	106,826	(106,826)	(86,776)	(27)	–	–	86,803	–
As at 31 December 2025	106,826	–	561,723*	–*	33,595*	(2,757)*	(30,463)*	668,924

Four months ended 30 April 2026

	Attributable to owners of the parent							
	Share capital	Paid-in capital	Capital reserve	Reserve funds	Share-based payment reserve	Exchange fluctuation reserve	Retained profits	Total equity
	RMB'000 (note 30)	*RMB'000 (note 30)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*
As at 1 January 2026	106,826	–	561,723	–	33,595	(2,757)	(30,463)	668,924
Profit for the period	–	–	–	–	–	–	36,448	36,448
Exchange differences on translation of foreign operations	–	–	–	–	–	(295)	–	(295)
Total comprehensive (loss)/income for the period	–	–	–	–	–	(295)	36,448	36,153
Share-based payments	–	–	–	–	1,574	–	–	1,574
As at 30 April 2026	106,826	–	561,723*	–*	35,169*	(3,052)*	5,985*	706,651

* The reserve accounts comprised the consolidated reserves of RMB324,712,000, RMB437,945,000, RMB562,098,000 and RMB599,825,000 in the consolidated statements of financial position as at 31 December 2023, 2024, 2025 and 30 April 2026.

Four months ended 30 April 2025 (Unaudited)

	Attributable to owners of the parent							
	Share capital	Paid-in capital	Capital reserve	Reserve funds	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	RMB'000 (note 30)	*RMB'000 (note 30)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*
As at 1 January 2025	–	106,826	648,499	27	29,639	(2,556)	(237,664)	544,771
Profit for the period	–	–	–	–	–	–	25,142	25,142
Exchange differences on translation of foreign operations	–	–	–	–	–	669	–	669
Total comprehensive income for the period	–	–	–	–	–	669	25,142	25,811
Share-based payments	–	–	–	–	1,910	–	–	1,910
As at 30 April 2025 (Unaudited)	–	106,826	648,499	27	31,549	(1,887)	(212,522)	572,492

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
(Loss)/profit before tax		(42,681)	99,438	116,638	22,945	32,293
Adjustments for:						
Finance costs	6	1,401	3,231	3,598	1,688	1,612
Interest income	5	(1,825)	(1,354)	(954)	(386)	(158)
Impairment/(reversal of impairment) on financial assets, net	7	164	5,057	(2,785)	(1,429)	677
Write-down of inventories to net realisable value	7	7,391	11,030	10,018	9,738	14,077
Foreign exchange difference, net	7	189	(530)	284	(167)	196
Equity-settled share-based payment expenses	32	7,096	9,083	3,956	1,910	1,574
(Gain)/loss on disposal of property, plant and equipment	7	(121)	57	(140)	25	–
Gain on termination of a lease	5	–	–	(94)	(94)	–
Investment income on financial assets at fair value through profit or loss	5	(1,613)	(841)	(1,164)	(357)	(749)
Fair value gains on financial assets at fair value through profit or loss	5	–	(48)	–	(29)	(24)
Depreciation of property, plant and equipment	7	38,882	42,421	58,488	17,351	22,981
Amortisation of intangible assets	7	2,260	2,604	2,819	879	1,095
Depreciation of right-of-use assets	7	1,761	2,483	2,992	876	1,575
		12,904	172,631	193,656	52,950	75,149
Increase in inventories		(47,057)	(93,825)	(61,249)	(31,848)	(97,324)
(Increase)/decrease in trade and bills receivables		(226,440)	(356,551)	(10,904)	75,249	(126,128)
(Increase)/decrease in debt investments at fair value through other comprehensive income		(62,850)	120,844	(5,030)	(33,419)	(21,786)
Decrease/(Increase) in prepayments, other receivables and other assets		6,584	(647)	(25,736)	(11,280)	(20,942)
(Increase)/decrease in restricted cash		(104,049)	48,391	109,693	113,199	(552)
Increase/(decrease) in trade and bills payables		279,300	187,789	(67,569)	(206,734)	106,253
(Decrease)/Increase in contract liabilities		(64)	1,622	11,872	(1,576)	(10,428)
Increase/(decrease) in deferred income		6,034	(392)	4,205	(131)	(1,472)
Increase/(decrease) in other payables and accruals		15,266	31,490	22,249	(510)	4,743
Increase in provision		689	1,186	298	61	14
Cash (used in)/generated from operations		(119,683)	112,538	171,485	(44,039)	(92,473)
Interest received		1,825	1,354	954	386	158
Income tax paid		(159)	(832)	(1,299)	(375)	(496)
Net cash flows (used in)/from operating activities		(118,017)	113,060	171,140	(44,028)	(92,811)

		Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of financial assets at fair value through profit or loss		–	(202,003)	(682,600)	(190,000)	(750,000)
Disposal of financial assets at fair value through profit or loss		22,426	182,336	703,812	170,405	700,749
Disposal of certificates of deposits		21,559	22,161	–	–	–
Proceeds from maturity of time deposits		28,839	–	–	–	–
Purchases of items of property, plant and equipment		(97,449)	(99,834)	(200,536)	(52,663)	(29,089)
Purchases of intangible assets		(3,135)	(268)	(3,211)	(51)	(479)
Proceeds from disposal of items of property, plant and equipment		3,105	7,860	4,687	2,590	50
Increase in restricted cash		–	–	(30,000)	–	(40,000)
Decrease in restricted cash		–	–	–	–	30,000
Net cash flows used in investing activities		(24,655)	(89,748)	(207,848)	(69,719)	(88,769)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans		102,367	165,345	172,067	59,206	17,851
Interest paid		(435)	(1,710)	(2,864)	(1,505)	(1,154)
Capital contribution by shareholders		100,000	–	–	–	–
Payment for share issue expenses		(990)	–	–	–	–
Repayment of bank loans		(15,402)	(40,100)	(83,200)	(45,900)	(10,147)
Settlement of payables to the former shareholder	25	–	(3,000)	(9,390)	(5,000)	–
Payment for **[REDACTED]** expenses		–	–	(1,756)	–	(1,196)
Increase in rental deposits		(110)	–	(247)	(105)	(457)
Payments of lease liabilities		(130)	(419)	(7,931)	(56)	(258)
Net cash flows from financing activities		185,300	120,116	66,679	6,640	4,639
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		42,628	143,428	29,971	(107,107)	(176,941)
Cash and cash equivalents at beginning of year/period		18,233	60,685	204,604	204,604	234,255
Effect of foreign exchange rate changes, net		(176)	491	(320)	986	(246)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		60,685	204,604	234,255	98,483	57,068
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		60,685	204,604	234,255	98,483	57,068
Cash and cash equivalents as stated in the consolidated statements of financial position	22	60,685	204,604	234,255	98,483	57,068

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 April
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	13	240,420	312,658	467,017	475,253
Right-of-use assets	15	12,326	15,535	13,608	11,557
Intangible assets	14	9,008	6,811	7,295	6,714
Deferred tax assets	18	45,196	53,552	59,660	64,363
Investments in subsidiaries	16	93,629	94,784	98,915	98,919
Prepayments, other receivables and other assets	20	2,294	886	11,511	11,680
Total non-current assets		402,873	484,226	658,006	668,486
CURRENT ASSETS					
Inventories	17	111,313	190,423	242,985	310,777
Trade and bills receivables	19	355,124	649,312	672,038	846,944
Debt investments at fair value through other comprehensive income	23	129,499	8,655	12,997	35,408
Prepayments, other receivables and other assets	20	104,050	69,794	80,527	118,094
Financial assets at fair value through profit or loss	21	–	20,048	–	50,024
Restricted cash	22	183,917	135,526	55,833	66,385
Cash and cash equivalents	22	55,768	197,445	230,333	54,022
Total current assets		939,671	1,271,203	1,294,713	1,481,654
CURRENT LIABILITIES					
Trade and bills payables	24	753,154	926,797	861,720	961,104
Contract liabilities	27	769	2,391	20,941	9,948
Other payables and accruals	25	67,609	111,681	158,694	188,239
Interest-bearing bank loans	26	20,188	63,283	22,367	34,892
Lease liabilities	15	9,681	11,798	6,089	5,355
Provision	29	1,842	3,028	3,326	15,563
Total current liabilities		853,243	1,118,978	1,073,137	1,215,101
NET CURRENT ASSETS		86,428	152,225	221,576	266,553
TOTAL ASSETS LESS CURRENT LIABILITIES		489,301	636,451	879,582	935,039

		As at 31 December			As at 30 April
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	26	–	35,713	165,589	161,070
Deferred income	28	20,940	20,548	24,753	23,281
Lease liabilities	15	9,295	13,163	12,300	11,718
Total non-current liabilities		30,235	69,424	202,642	196,069
Net assets		459,066	567,027	676,940	738,970
EQUITY					
Share capital	30	–	–	106,826	106,826
Paid-in capital	30	106,826	106,826	–	–
Reserves	31	352,240	460,201	570,114	632,144
Total equity		459,066	567,027	676,940	738,970

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

New Shicoh Motor Co., Ltd. (the "**Company**") was incorporated as a limited liability in Jiashan, People's Republic of China (the "**PRC**") on September 17, 2014. It was converted into a joint stock company with limited liability in November 2025. The registered office address of the Company is 1st floor, Building 3, No. 58 Jinjia Avenue, Huimin Street, Jiashan County, Jiaxing City, Zhejiang Province.

During the Relevant Periods, the Company and its subsidiaries (collectively the "**Group**") was principally engaged in the design, development, manufacturing and commercialisation of voice coil motor (VCM) products and other micro special motor products and accessories.

In the opinion of the directors, Dr. Cai Rongjun, Shenzhen Hezheng Industrial Investment Co., Ltd., Mr. Cai Zhenpeng, Shenzhen Changxin Technology Investment Partnership (Limited Partnership), Jiashan Changxin Zhitou Asset Management Partnership (Limited Partnership) and Hefei Jiatou Entrepreneurship Management Partnership (Limited Partnership) are a group of the controlling shareholders of the Group as at the end of the Relevant Periods.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name*	Place and date of registration and place of operations	Registered capital	Percentage of equity attributable to the Company	Principal activities
			Direct	
New Shicoh Motor (Hefei) Co., Ltd. 新思考電機(合肥)有限公司* *(note (a))*	Chinese Mainland 29 April 2021	RMB50,000,000	100%	Motor manufacturing
New Shicoh Motor Co., Ltd. (Japan) 日本思考技研株式會社* *(note (a))*	Japan 15 December 2020	Japanese Yen ("**JPY**") 403,650,000	100%	Development and research of motors
Xinsikao (Shanghai) Technology Co., Ltd. 芯思考(上海)技術有限公司* *(note (a))*	Chinese Mainland 22 July 2025	RMB1,000,000	100%	Sale of motors
New Shicoh Motor (Shenzhen) Co., Ltd. 新思考電機(深圳)有限公司* *(note (a))*	Chinese Mainland 17 September 2025	RMB1,000,000	100%	Sale of motors

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

Notes:

(a) No audited financial statements have been prepared for these entities for the Relevant Periods as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of registration.

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, which are *void ab initio* as described in note 30 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 30 of this report.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2026, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information includes the financial information of 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 information of subsidiaries is 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.

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.

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[1]
IFRS 18	Presentation and Disclosure in financial statement[1]
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
IFRS 20	Regulatory Assets and Regulatory Liabilities[3]

[1] Effective for annual/reporting periods beginning on or after January 1, 2027
[2] No mandatory effective date yet determined but available for adoption
[3] Effective for the annual periods beginning on or after 1 January 2029

The Group is in the process of making an assessment of the impact of these new and amended 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 but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES INFORMATION

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each of the Relevant Periods. 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 Historical Financial Information 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 of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and other non-current assets), 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.

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 the statement of 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 of the Relevant Periods 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 the statement of profit or loss in the period in which it arises.

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, other than construction in progress, 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:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Freehold land	Not depreciated
Building	4.76%
Plant and machinery	9.5%-19.0%
Motor vehicles	9.5%-19.0%
Electronic equipment and others	9.5%-31.7%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

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.

Intangible assets

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 the end of each of the Relevant Periods.

Patents and licences

Purchased patent is initially recognised and measured at cost. The cost is amortised on the straight-line basis over its estimated useful life of 5-10 years.

Purchased emission quota is initially recognised and measured at cost. The cost is amortised based on the actual units of the consumption.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2-10 years.

Research and development expenses

All research costs are charged to 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 (i.e., 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. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. 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:

Buildings	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(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 a 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 office and employee dormitory (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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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 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 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 amortized 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 the statement of 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 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 profit or loss.

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 profit or loss.

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 its 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 of a financial instrument has increased significantly since initial recognition based on aging migration rates. The Group analyzes historical experience of migration between different aging buckets to higher delinquency stages and incorporates reasonable and supportable forward-looking information to determine significant changes in credit risk. When receivables migrate from current aging buckets to higher delinquency stages, the Group considers that a significant increase in credit risk has occurred.

The Group determines default based on aging migration patterns. Receivables migrating to specific delinquency stages (e.g., over 90 days past due) are considered to be in default. Additionally, if internal or external information indicates that the Group is unlikely to recover the outstanding contractual amounts in full, even after considering credit enhancements, the financial asset may be deemed in default. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and 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 and bills 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

Simplified approach

For trade and bills 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 loans and borrowings, or 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 bills payables, other payables and accruals, interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings, 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 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.

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.

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.

The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

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 each of the Relevant Periods, 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 each of the Relevant Periods 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 goodwill or 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 does not give rise to equal taxable and deductible temporary differences; 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 carry forward 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 carry forward 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 does not give rise to equal taxable and deductible temporary differences; 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 each of the Relevant Periods 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 each or the Relevant Periods 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.

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 each of the Relevant Periods.

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 profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average method 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.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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.

(a) 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 customers, generally on delivery of the products for export sales and acceptance of the goods for domestic sales.

A portion of the sales of products is on vendor-managed inventory ("**VMI**") arrangements where the products are delivered to the customers' locations for their use. The control of the products is transferred when the products are used by the customers.

Some customers signed contract for the moulds manufactured by the Group specifically to satisfy the promise to deliver products to the customers at stand-alone selling prices. Revenue from the sales of moulds is recognised at point in time when the moulds are accepted and confirmed by the customer.

Sales rebates may be provided to certain customers under the conditions as agreed in the sales contract. Rebates are either paid in cash to customers or used as the consideration paid for future sales of products. To estimate the variable consideration for the expected future rebates, the most likely amount is used.

(b) Provision of technical services

In certain cases, the Group provides pre-production technical services to customers on stand-alone basis. Revenue is recognised at a point in time when the service is completed and accepted by the 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 related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Group operates share incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration 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 on which they are granted. The fair value of share award is determined by an external valuer using probability weighted expected return method and valuation models. Further details are included in note 32 to the Historical Financial Information.

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 each of the Relevant Periods 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 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.

Other employee benefits

Pension scheme

Chinese Mainland

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage 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. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

Japan

The Group pays fixed contributions into a local separate fund, which is responsible for paying pensions and other post-retirement benefits to the retired employees. The amounts based on the defined contribution plans are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period.

Housing fund and other social insurances

Chinese Mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

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 Historical Financial Information 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.

Borrowing costs

All 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.

Foreign currencies

The Historical Financial Information is presented in RMB, 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 each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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 profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB 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 RMB at the weighted average exchange rates or the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, 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 against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of motors industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in note 19 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on its service and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Chinese Mainland	840,075	1,549,648	1,942,385	576,068	688,269
Others	15,255	14,886	14,439	4,867	6,191
Total Revenue	855,330	1,564,534	1,956,824	580,935	694,460

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Most of the Group's non-current assets are located in Chinese Mainland. Thus, no geographic information is presented.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the years ended 31 December 2023, 2024, 2025 and four months ended 30 April 2025 and 2026 are set out below:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Customer 1	N/A*	480,588	416,425	118,887	144,966
Customer 2	324,005	431,854	594,381	160,656	289,777
Customer 3	231,232	292,758	370,369	136,244	93,797
Customer 4	113,827	N/A*	N/A*	N/A*	N/A*
Customer 5	94,392	191,441	199,214	83,869	N/A*

* Less than 10% of the Group's revenue during the respective period.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue from contracts with customers	855,330	1,564,534	1,956,824	580,935	694,460

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Types of goods or services					
OIS motors	503,636	1,272,534	1,022,443	430,535	361,531
Periscope motors	113,138	2,813	223,111	12,173	57,934
Open-loop motors	170,556	176,354	247,904	71,887	55,645
Closed-loop motors	39,108	69,613	292,888	53,374	139,205
Other motors*	17,315	35,702	163,007	10,988	62,227
Others**	11,577	7,518	7,471	1,978	17,918
	855,330	1,564,534	1,956,824	580,935	694,460
Timing of revenue recognition					
Goods transferred at a point in time	849,194	1,562,759	1,953,775	579,193	680,305
Services transferred at a point in time	6,136	1,775	3,049	1,742	14,155
Total revenue from contracts with customers	855,330	1,564,534	1,956,824	580,935	694,460

* Other motors primarily included stepper motors, brushless direct current motors and variable-aperture motors.

** Others primarily included the provision of research and development related technical services and sales of raw materials.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:					
Sale of products	923	769	2,391	741	11,818

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

The performance obligation is satisfied upon delivery and acceptance of products or services. Payment is generally due between 2 months and 3 months from customers from delivery.

As the contracts with customers are rendered in a short period of time, which is generally less than one year, the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Other income					
Interest income	1,825	1,354	954	386	158
Additional deduction of value added tax	4,604	8,072	10,781	3,083	3,435
Government grants*	6,392	11,245	14,095	3,936	6,880
Investment income from financial assets at fair value through profit or loss	1,613	841	1,164	357	749
Early payment concessions	3,451	29	–	–	–
Commission income	–	2,492	1,120	588	1,008
Others	220	514	271	29	15
Total other income	18,105	24,547	28,385	8,379	12,245
Gains					
Fair value gains on financial assets at fair value through profit or loss	–	48	–	29	24
Gain on disposal of property, plant and equipment	121	–	140	–	–
Gain on termination of a lease	–	–	94	94	–
Foreign exchange gains, net	–	530	–	167	–
Total gains	121	578	234	290	24
	18,226	25,125	28,619	8,669	12,269

* The Group has received government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on bank loans	456	1,772	2,957	1,557	1,456
Interest on discounted bills receivables	83	329	–	–	–
Interest on lease liabilities	547	712	641	131	156
Interest on other payables *(note 25)*	173	112	–	–	–
Other finance costs	142	306	–	–	–
	1,401	3,231	3,598	1,688	1,612

For the details of pre-**[REDACTED]** investments, please refer to note 30 to this report.

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

		Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of inventories sold*		779,253	1,313,750	1,627,407	494,529	575,071
Cost of services provided		4,581	1,432	3,118	1,338	8,111
Research and development expenses		60,958	76,938	124,455	40,281	47,257
Depreciation of property, plant and equipment**	13	38,882	42,421	58,488	17,351	22,981
Depreciation of right-of-use assets**	15	1,761	2,483	2,992	876	1,575
Amortisation of intangible assets **	14	2,260	2,604	2,819	879	1,095
(Gain)/loss on disposal of property, plant and equipment***		(121)	57	(140)	25	–
Gain on termination of a lease***		–	–	(94)	(94)	–
Foreign exchange losses/(gains), net***		189	(530)	284	(167)	196
Lease payments in respect of short-term leases	15	634	192	811	294	764
Impairment/(reversal of impairment) of trade receivables	19	141	5,005	(2,804)	(1,428)	665
Impairment/(reversal of impairment) of other receivables	20	23	52	19	(1)	12
Total impairment losses on financial assets, net		164	5,057	(2,785)	(1,429)	677
Write-down of inventories to net realisable value****		7,391	11,030	10,018	9,738	14,077
Product warranty provision*****	29	2,908	5,163	3,899	583	69
Auditor's remuneration		330	943	349	–	50
[REDACTED] expense		–	–	11,537	–	4,206
Workforce service fee******		87,900	195,382	151,223	46,842	65,690
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration *(note 8)*)						
– Wages and salaries		82,016	103,474	234,970	77,851	65,776
– Pension scheme contributions		14,580	16,749	34,467	11,302	13,662
– Share-based payment expenses		2,593	3,809	2,976	1,582	(526)
Total		99,189	124,032	272,413	90,735	78,912

* The amounts disclosed for cost of inventories sold included write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development expenses" in profit or loss, respectively.

*** The amounts are included in "Other expenses" or "Other income and gains" in profit or loss.

**** The amounts are included in "Cost of sales" in profit or loss.

***** The amounts are included in "Selling and distribution expenses" in profit or loss.

****** The amounts are included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses" in profit or loss. Some of the outsourced staff were converted into employees of the Company, resulting in a significant increase in wages and salaries for the year ended 31 December 2025.

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration as recorded during the Relevant Periods and the four months ended 30 April 2025 is set out below:

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	–	–	14	–	147
Other emoluments:					
Salaries, allowances and benefits in kind	3,991	3,865	4,994	1,402	1,586
Performance related bonus	659	957	1,843	363	250
Pension scheme contributions	411	427	620	127	75
Share-based payment expenses	4,503	5,274	980	328	2,100
	9,564	10,523	8,451	2,220	4,158

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the four months ended 30 April 2025 were as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Mr. Leung Ming Yan	–	–	4	–	45
Dr. Su Haibin	–	–	4	–	45
Ms. Wong Yan Ki Angel	–	–	6	–	57
Total	–	–	14	–	147

Mr. Leung Ming Yan, Dr. Su Haibin and Ms. Wong Yan Ki Angel were appointed as independent non-executive directors of the Company with effect from December 2025.

(b) Directors, supervisors and the chief executive

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Mr. Cai Zhenpeng *(note(i))*	675	144	97	–	916
Mr. Geng Deliang *(note(ii))*	1,214	420	143	208	1,985
Mr. Wei Zongqing *(note(iii))*	388	–	45	2,000	2,433
Mr. Wang Zaiwei *(note(iv))*	1,079	47	99	2,051	3,276
Mr. Chen Zhibin *(note(v))*	–	–	–	–	–
Ms. Xu Yi *(note(vi))*	–	–	–	–	–
Mr. Zhong Jin *(note(vii))*	–	–	–	–	–
	3,356	611	384	4,259	8,610
Supervisor					
Mr. Xu Fangmin *(note(xiii))*	635	48	27	244	954
Total	3,991	659	411	4,503	9,564

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Mr. Cai Zhenpeng *(note(i))*	784	300	108	–	1,192
Mr. Geng Deliang *(note(ii))*	1,257	420	145	208	2,030
Mr. Wei Zongqing *(note(iii))*	–	–	–	–	–
Mr. Wang Zaiwei *(note(iv))*	1,079	53	103	342	1,577
Mr. Wu Yang *(note(viii))*	160	40	22	4,480	4,702
Mr. Chen Zhibin *(note(v))*	–	–	–	–	–
Ms. Xu Yi *(note(vi))*	–	–	–	–	–
Mr. Zhong Jin *(note(vii))*	–	–	–	–	–
Ms. Liang Xuechen *(note(ix))*	–	–	–	–	–
Mr. Zhong Yuli *(note(x))*	–	–	–	–	–
	3,280	813	378	5,030	9,501
Supervisor					
Mr. Xu Fangmin *(note(xiii))*	585	144	49	244	1,022
Total	3,865	957	427	5,274	10,523

Year ended 31 December 2025

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Dr. Cai Rongjun *(note(xv))*	–	–	–	–	–
Mr. Cai Zhenpeng *(note(i))*	1,021	498	119	–	1,638
Mr. Zhao Wei *(note(xi))*	539	690	76	65	1,370
Mr.Wang Zaiwei *(note(iv))*	1,117	63	103	187	1,470
Mr.Wu Yang *(note(viii))*	658	144	115	302	1,219
Mr. Geng Deliang *(note(ii))*	694	245	85	64	1,088
Mr. Chen Zhibing *(note(v))*	–	–	–	–	–
Mr. Zhong Yuli *(note(x))*	–	–	–	–	–
Ms. Liang Xuechen *(note(ix))*	–	–	–	–	–
Mr. Niu Junling *(note(xii))*	–	–	–	–	–
	4,029	1,640	498	618	6,785
Supervisors					
Mr. Xu Fangmin *(note(xiii))*	583	138	49	209	979
Mr. Wei Hua *(note(xiv))*	185	55	42	51	333
Mr. Wang Ke *(note(xiv))*	197	10	31	102	340
	965	203	122	362	1,652
Total	4,994	1,843	620	980	8,437

Four months ended 30 April 2026

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Dr. Cai Rongjun *(note(xv))*	–	–	–	–	–
Mr. Cai Zhenpeng *(note(i))*	478	120	27	–	625
Mr. Zhao Wei *(note(xi))*	716	130	30	2,092	2,968
Mr. Wang Zaiwei *(note(iv))*	392	–	18	8	418
Total	1,586	250	75	2,100	4,011

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Mr. Cai Zhenpeng *(note(i))*	290	166	26	–	482
Mr. Geng Deliang *(note(ii))*	377	82	38	69	566
Mr. Wang Zaiwei *(note(iv))*	345	21	24	114	504
Mr. Wu Yang *(note(viii))*	192	48	26	64	330
Mr. Chen Zhibing *(note(v))*	–	–	–	–	–
Mr. Zhong Yuli *(note(x))*	–	–	–	–	–
Ms. Liang Xuechen *(note(ix))*	–	–	–	–	–
	1,204	317	114	247	1,882
Supervisor					
Mr. Xu Fangmin *(note(xiii))*	198	46	13	81	338
Total	1,402	363	127	328	2,220

Notes:

(i) Mr. Cai Zhenpeng was appointed as a director, vice chairman and the chief executive officer of the Company with effect from November 2017.

(ii) Mr. Geng Deliang was appointed as a director of the Company with effect from January 2019 until July 2025.

(iii) Mr. Wei Zongqing was appointed as a director of the Company with effect from July 2022 until September 2024.

(iv) Mr. Wang Zaiwei was appointed as a director of the Company with effect from December 2020.

(v) Mr. Chen Zhibin was appointed as a director of the Company with effect from June 2020 until September 2025.

(vi) Ms. Xu Yi was appointed as a director of the Company with effect from June 2020 until September 2024.

(vii) Mr. Zhong Jin was appointed as a director of the Company with effect from January 2022 until December 2024.

(viii) Mr. Wu Yang was appointed as a director of the Company with effect from September 2024 until December 2025.

(ix) Ms. Liang Xuechen was appointed as a director of the Company with effect from September 2024 until December 2025.

(x) Mr. Zhong Yuli was appointed as a director of the Company with effect from December 2024 until December 2025.

(xi) Mr. Zhao Wei was appointed as a director of the Company with effect from July 2025.

(xii) Mr. Niu Junling was appointed as a director of the Company with effect from September 2025 until December 2025.

(xiii) Mr. Xu Fangmin was appointed as a supervisor of the Company with effect from July 2022 until December 2025.

(xiv) Mr. Wei Hua and Wang Ke were appointed as supervisors of the Company with effect from September 2025 until December 2025.

(xv) Dr. Cai Rongjun was appointed as a director and the chairman of the Board with effect from December 2025.

During the Relevant Periods and the four months ended 30 April 2025, share awards were granted to certain directors through share incentive platforms, further details of which are included in the disclosures in note 32 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the four months ended 30 April 2025 is included in the above directors' remuneration disclosures.

No emoluments were paid by the Company to the directors and supervisors as an inducement to join or upon joining the Company or as compensation for loss of office during the Relevant Periods and the four months ended 30 April 2025.

Save for the disclosed above, there was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the four months ended 30 April 2025.

The Company had dissolved the supervisory committee from 15 December 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the four months ended 30 April 2025 included three, three, three, three and four directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining two, two, two, two and one highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the four months ended 30 April 2025 are as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	1,360	1,558	994	198	546
Performance related bonus	83	120	309	46	150
Pension scheme contributions	112	180	163	17	87
Share-based payment expenses	309	207	211	–	131
	1,864	2,065	1,677	261	914

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	Numbers of employees			Numbers of employees *(Unaudited)*	
Below HK$1,000,000	1	1	1	1	2
HK$1,000,001 to HK$1,500,000	1	1	1	–	–
	2	2	2	1	2

During the Relevant Periods and the four months ended 30 April 2025, share awards were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the Historical Financial Information. The fair value of such shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the four months ended 30 April 2025 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

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.

Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008.

The Company was qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% during the Relevant Periods and the four months ended 30 April 2025. This qualification is subject to review by the relevant governmental authority in the PRC for every three years.

Japan

The subsidiary in Japan was subject to the standard corporate tax rate of 23.2%, additionally, there were local corporate taxes, business taxes, resident taxes, and local corporate special taxes during the Relevant Periods and the four months ended 30 April 2025.

The income tax credit of the Group for the Relevant Periods and the four months ended 30 April 2025 is analysed as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current income tax	158	832	1,299	375	496
Deferred income tax	(12,737)	(6,149)	(5,059)	(2,572)	(4,651)
Total tax credit for the year/period	(12,579)	(5,317)	(3,760)	(2,197)	(4,155)

A reconciliation of the expected income tax calculated at the preferential tax rate and (loss)/profit before income tax, with the actual income tax at the effective tax rate is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
(Loss)/profit before tax	(42,681)	99,438	116,638	22,945	32,293
Tax charge at the preferential tax rate of 15%	(6,402)	14,916	17,496	3,442	4,844
Entities subject to higher statutory income tax rate	170	1,909	2,950	1,255	(1,726)
Tax losses utilised from previous years	(402)	(208)	(232)	(29)	(75)
Additional deductible allowance for qualified research and development expenses	(7,639)	(10,363)	(13,627)	(5,525)	(5,685)
Temporary differences and tax losses not recognised	168	–	121	–	6,252
Expenses not deductible for tax	1,526	2,114	1,183	420	753
Tax losses recognised in current year	–	(13,685)	(11,651)	(1,760)	(8,518)
Tax credit at the Group's effective tax rate	(12,579)	(5,317)	(3,760)	(2,197)	(4,155)

According to the PRC Corporate Income Tax regulations, the Company and its subsidiary, New Shicoh Motor (Hefei) Co., Ltd., were entitled to an additional deduction of 100% of qualified research and development expenses from taxable income from 2023.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods and the four months ended 30 April 2025.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts was based on the (loss)/profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods and the four months ended 30 April 2025.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the Relevant Periods and the four months ended 30 April 2025 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculations of basic and diluted (loss)/earnings per share are based on:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
				RMB'000 (Unaudited)	*RMB'000*
(Loss)/earnings					
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation *(RMB'000)*	(30,102)	104,755	120,398	25,142	36,448
Shares					
Weighted average number of ordinary shares in issue during the year, used in the basic (loss)/earnings per share calculation ('000)	106,582	106,826	106,826	106,826	106,826

For the details of Pre-**[REDACTED]** investments, please refer to note 30 to this report.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Building	Freehold land	Plant and machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023								
Cost	4,523	2,635	295,638	2,249	28,173	54,302	19,381	406,901
Accumulated depreciation and impairment	(359)	–	(79,507)	(908)	(8,589)	(18,508)	–	(107,871)
Net carrying amount	4,164	2,635	216,131	1,341	19,584	35,794	19,381	299,030
At 1 January 2023, net of accumulated depreciation and impairment	4,164	2,635	216,131	1,341	19,584	35,794	19,381	299,030
Additions	–	–	198	–	–	1,913	43,425	45,536
Transfer	–	–	34,190	151	1,050	99	(35,490)	–
Disposals	–	–	(2,831)	(153)	–	–	–	(2,984)
Depreciation provided during the year	(207)	–	(27,322)	(369)	(4,871)	(6,113)	–	(38,882)
Exchange realignment	(170)	(108)	–	–	(44)	–	–	(322)
At 31 December 2023, net of accumulated depreciation and impairment	3,787	2,527	220,366	970	15,719	31,693	27,316	302,378
At 31 December 2023								
Cost	4,338	2,527	326,635	2,198	29,102	56,314	27,316	448,430
Accumulated depreciation and impairment	(551)	–	(106,269)	(1,228)	(13,383)	(24,621)	–	(146,052)
Net carrying amount	3,787	2,527	220,366	970	15,719	31,693	27,316	302,378

	Building	Freehold land	Plant and machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024								
Cost	4,338	2,527	326,635	2,198	29,102	56,314	27,316	448,430
Accumulated depreciation and impairment	(551)	–	(106,269)	(1,228)	(13,383)	(24,621)	–	(146,052)
Net carrying amount	3,787	2,527	220,366	970	15,719	31,693	27,316	302,378
At 1 January 2024, net of accumulated depreciation and impairment	3,787	2,527	220,366	970	15,719	31,693	27,316	302,378
Additions	–	–	–	–	–	1,065	112,930	113,995
Transfer	–	–	77,292	1,123	1,607	3,561	(83,583)	–
Disposals	–	–	(7,817)	(10)	(90)	–	–	(7,917)
Depreciation provided during the year	(194)	–	(30,935)	(314)	(4,355)	(6,623)	–	(42,421)
Exchange realignment	(296)	(200)	–	–	(43)	–	–	(539)
At 31 December 2024, net of accumulated depreciation and impairment	3,297	2,327	258,906	1,769	12,838	29,696	56,663	365,496
At 31 December 2024								
Cost	3,994	2,327	394,530	3,064	29,939	60,940	56,663	551,457
Accumulated depreciation and impairment	(697)	–	(135,624)	(1,295)	(17,101)	(31,244)	–	(185,961)
Net carrying amount	3,297	2,327	258,906	1,769	12,838	29,696	56,663	365,496

	Building	Freehold land	Plant and machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025								
At 1 January 2025								
Cost	3,994	2,327	394,530	3,064	29,939	60,940	56,663	551,457
Accumulated depreciation and impairment	(697)	–	(135,624)	(1,295)	(17,101)	(31,244)	–	(185,961)
Net carrying amount	3,297	2,327	258,906	1,769	12,838	29,696	56,663	365,496
At 1 January 2025, net of accumulated depreciation and impairment	3,297	2,327	258,906	1,769	12,838	29,696	56,663	365,496
Additions	–	–	32	–	18	506	213,990	214,546
Transfer	–	–	156,630	–	8,388	43,144	(208,162)	–
Disposals	–	–	(4,435)	–	(112)	–	–	(4,547)
Depreciation provided during the year	(199)	–	(39,502)	(569)	(4,651)	(13,567)	–	(58,488)
Exchange realignment	(89)	(72)	–	–	(6)	–	–	(167)
At 31 December 2025, net of accumulated depreciation and impairment	3,009	2,255	371,631	1,200	16,475	59,779	62,491	516,840
At 31 December 2025								
Cost	3,870	2,255	544,424	3,064	38,098	104,590	62,491	758,792
Accumulated depreciation and impairment	(861)	–	(172,793)	(1,864)	(21,623)	(44,811)	–	(241,952)
Net carrying amount	3,009	2,255	371,631	1,200	16,475	59,779	62,491	516,840

	Building	Freehold land	Plant and machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2026								
At 1 January 2026								
Cost	3,870	2,255	544,424	3,064	38,098	104,590	62,491	758,792
Accumulated depreciation and impairment	(861)	–	(172,793)	(1,864)	(21,623)	(44,811)	–	(241,952)
Net carrying amount	3,009	2,255	371,631	1,200	16,475	59,779	62,491	516,840
At 1 January 2026, net of accumulated depreciation and impairment	3,009	2,255	371,631	1,200	16,475	59,779	62,491	516,840
Additions	–	–	–	–	48	474	29,297	29,819
Transfer	–	–	40,129	–	4,763	1,283	(46,175)	–
Disposals	–	–	(50)	–	–	–	–	(50)
Depreciation provided during the period	(61)	–	(16,134)	(148)	(1,999)	(4,639)	–	(22,981)
Exchange realignment	(131)	(100)	–	–	(11)	–	–	(242)
At 30 April 2026, net of accumulated depreciation and impairment	2,817	2,155	395,576	1,052	19,276	56,897	45,613	523,386
At 30 April 2026								
Cost	3,699	2,155	584,494	3,064	42,854	106,347	45,613	788,226
Accumulated depreciation and impairment	(882)	–	(188,918)	(2,012)	(23,578)	(49,450)	–	(264,840)
Net carrying amount	2,817	2,155	395,576	1,052	19,276	56,897	45,613	523,386

The Company

	Plant and machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023						
Cost	244,189	1,989	21,382	42,566	13,236	323,362
Accumulated depreciation and impairment	(67,510)	(866)	(7,217)	(17,556)	–	(93,149)
Net carrying amount	176,679	1,123	14,165	25,010	13,236	230,213
At 1 January 2023, net of accumulated depreciation and impairment	176,679	1,123	14,165	25,010	13,236	230,213
Additions	–	–	–	1,316	40,790	42,106
Transfer	25,741	–	589	474	(26,804)	–
Disposals	(1,259)	(153)	–	–	–	(1,412)
Depreciation provided during the year	(22,028)	(242)	(3,651)	(4,566)	–	(30,487)
At 31 December 2023, net of accumulated depreciation and impairment	179,133	728	11,103	22,234	27,222	240,420
At 31 December 2023						
Cost	268,004	1,789	21,971	44,356	27,222	363,342
Accumulated depreciation and impairment	(88,871)	(1,061)	(10,868)	(22,122)	–	(122,922)
Net carrying amount	179,133	728	11,103	22,234	27,222	240,420

	Plant and machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
At 1 January 2024						
Cost	268,004	1,789	21,971	44,356	27,222	363,342
Accumulated depreciation and impairment	(88,871)	(1,061)	(10,868)	(22,122)	–	(122,922)
Net carrying amount	179,133	728	11,103	22,234	27,222	240,420
At 1 January 2024, net of accumulated depreciation and impairment	179,133	728	11,103	22,234	27,222	240,420
Additions	–	–	–	852	111,581	112,433
Transfer	76,306	1,123	1,583	3,561	(82,573)	–
Disposals	(6,125)	(11)	–	–	–	(6,136)
Depreciation provided during the year	(25,304)	(239)	(3,430)	(5,086)	–	(34,059)
At 31 December 2024, net of accumulated depreciation and impairment	224,010	1,601	9,256	21,561	56,230	312,658
At 31 December 2024						
Cost	336,692	2,694	23,554	48,769	56,230	467,939
Accumulated depreciation and impairment	(112,682)	(1,093)	(14,298)	(27,208)	–	(155,281)
Net carrying amount	224,010	1,601	9,256	21,561	56,230	312,658

	Plant and machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
At 1 January 2025						
Cost	336,692	2,694	23,554	48,769	56,230	467,939
Accumulated depreciation and impairment	(112,682)	(1,093)	(14,298)	(27,208)	–	(155,281)
Net carrying amount	224,010	1,601	9,256	21,561	56,230	312,658
At 1 January 2025, net of depreciation and impairment	224,010	1,601	9,256	21,561	56,230	312,658
Additions	32	–	–	333	208,226	208,591
Transfer	151,615	–	8,154	43,144	(202,913)	–
Disposals	(3,886)	–	(6)	–	–	(3,892)
Depreciation provided during the year	(33,866)	(466)	(3,892)	(12,116)	–	(50,340)
At 31 December 2025, net of depreciation and impairment	337,905	1,135	13,512	52,922	61,543	467,017
At 31 December 2025						
Cost	482,280	2,696	31,700	92,246	61,543	670,465
Accumulated depreciation and impairment	(144,375)	(1,561)	(18,188)	(39,324)	–	(203,448)
Net carrying amount	337,905	1,135	13,512	52,922	61,543	467,017

	Plant and machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2026						
At 1 January 2026						
Cost	482,280	2,696	31,700	92,246	61,543	670,465
Accumulated depreciation and impairment	(144,375)	(1,561)	(18,188)	(39,324)	–	(203,448)
Net carrying amount	337,905	1,135	13,512	52,922	61,543	467,017
At 1 January 2026, net of depreciation and impairment	337,905	1,135	13,512	52,922	61,543	467,017
Additions	–	–	–	474	28,294	28,768
Transfer	39,327	–	4,741	1,283	(45,351)	–
Disposals	(50)	–	–	–	–	(50)
Depreciation provided during the period	(14,394)	(113)	(1,734)	(4,241)	–	(20,482)
At 30 April 2026, net of depreciation and impairment	362,788	1,022	16,519	50,438	44,486	475,253
At 30 April 2026						
Cost	521,548	2,696	36,441	94,003	44,486	699,174
Accumulated depreciation and impairment	(158,760)	(1,674)	(19,922)	(43,565)	–	(223,921)
Net carrying amount	362,788	1,022	16,519	50,438	44,486	475,253

14. INTANGIBLE ASSETS

The Group

	Patents and licences	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
At 1 January 2023			
Cost	10,259	6,144	16,403
Accumulated amortisation	(5,228)	(2,672)	(7,900)
Net carrying amount	5,031	3,472	8,503
At 1 January 2023, net of accumulated amortisation	5,031	3,472	8,503
Additions	–	3,135	3,135
Amortisation provided during the year	(1,184)	(1,076)	(2,260)
Exchange realignment	–	(21)	(21)
At 31 December 2023, net of accumulated amortisation	3,847	5,510	9,357
At 31 December 2023			
Cost	10,259	9,245	19,504
Accumulated amortisation	(6,412)	(3,735)	(10,147)
Net carrying amount	3,847	5,510	9,357

	Patents and licences	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
At 1 January 2024			
Cost	10,259	9,245	19,504
Accumulated amortisation	(6,412)	(3,735)	(10,147)
Net carrying amount	3,847	5,510	9,357
At 1 January 2024, net of accumulated amortisation	3,847	5,510	9,357
Additions	–	268	268
Amortisation provided during the year	(1,184)	(1,420)	(2,604)
Exchange realignment	–	(26)	(26)
At 31 December 2024, net of accumulated amortisation	2,663	4,332	6,995
At 31 December 2024			
Cost	10,259	9,449	19,708
Accumulated amortisation	(7,596)	(5,117)	(12,713)
Net carrying amount	2,663	4,332	6,995

	Patents and licences	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2025			
At 1 January 2025			
Cost	10,259	9,449	19,708
Accumulated amortisation	(7,596)	(5,117)	(12,713)
Net carrying amount	2,663	4,332	6,995
At 1 January 2025, net of accumulated amortisation	2,663	4,332	6,995
Additions	206	3,005	3,211
Amortisation provided during the year	(1,194)	(1,625)	(2,819)
Exchange realignment	–	3	3
At 31 December 2025, net of accumulated amortisation	1,675	5,715	7,390
At 31 December 2025			
Cost	10,465	12,431	22,896
Accumulated amortisation	(8,790)	(6,716)	(15,506)
Net carrying amount	1,675	5,715	7,390

	Patents and licences	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
30 April 2026			
At 1 January 2026			
Cost	10,465	12,431	22,896
Accumulated amortisation	(8,790)	(6,716)	(15,506)
Net carrying amount	1,675	5,715	7,390
At 1 January 2026, net of accumulated amortisation	1,675	5,715	7,390
Additions	–	479	479
Amortisation provided during the period	(408)	(687)	(1,095)
Exchange realignment	–	(4)	(4)
At 30 April 2026, net of accumulated amortisation	1,267	5,503	6,770
At 30 April 2026			
Cost	10,465	12,876	23,341
Accumulated amortisation	(9,198)	(7,373)	(16,571)
Net carrying amount	1,267	5,503	6,770

The Company

	Patents and licences	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
At 1 January 2023			
Cost	10,259	5,307	15,566
Accumulated amortisation	(5,228)	(2,364)	(7,592)
Net carrying amount	5,031	2,943	7,974
At 1 January 2023, net of accumulated amortisation	5,031	2,943	7,974
Additions	–	3,135	3,135
Amortisation provided during the year	(1,184)	(917)	(2,101)
At 31 December 2023, net of accumulated amortisation	3,847	5,161	9,008
At 31 December 2023			
Cost	10,259	8,442	18,701
Accumulated amortisation	(6,412)	(3,281)	(9,693)
Net carrying amount	3,847	5,161	9,008

	Patents and licences	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
At 1 January 2024			
Cost	10,259	8,442	18,701
Accumulated amortisation	(6,412)	(3,281)	(9,693)
Net carrying amount	3,847	5,161	9,008
At 1 January 2024, net of accumulated amortisation	3,847	5,161	9,008
Additions	–	268	268
Amortisation provided during the year	(1,184)	(1,281)	(2,465)
At 31 December 2024, net of accumulated amortisation	2,663	4,148	6,811
At 31 December 2024			
Cost	10,259	8,710	18,969
Accumulated amortisation	(7,596)	(4,562)	(12,158)
Net carrying amount	2,663	4,148	6,811

	Patents and licences	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2025			
At 1 January 2025			
Cost	10,259	8,710	18,969
Accumulated amortisation	(7,596)	(4,562)	(12,158)
Net carrying amount	2,663	4,148	6,811
At 1 January 2025, net of accumulated amortisation	2,663	4,148	6,811
Additions	206	2,961	3,167
Amortisation provided during the year	(1,194)	(1,489)	(2,683)
At 31 December 2025, net of accumulated amortisation	1,675	5,620	7,295
At 31 December 2025			
Cost	10,465	11,671	22,136
Accumulated amortisation	(8,790)	(6,051)	(14,841)
Net carrying amount	1,675	5,620	7,295

	Patents and licences	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
30 April 2026			
At 1 January 2026			
Cost	10,465	11,671	22,136
Accumulated amortisation	(8,790)	(6,051)	(14,841)
Net carrying amount	1,675	5,620	7,295
At 1 January 2026, net of accumulated amortisation	1,675	5,620	7,295
Additions	–	479	479
Amortisation provided during the period	(408)	(652)	(1,060)
At 30 April 2026, net of accumulated amortisation	1,267	5,447	6,714
At 30 April 2026			
Cost	10,465	12,150	22,615
Accumulated amortisation	(9,198)	(6,703)	(15,901)
Net carrying amount	1,267	5,447	6,714

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings. Leases of buildings generally have lease terms between 2 and 10 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

Buildings

	Year ended 31 December			Four months ended 30 April
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	12,892	12,400	15,552	16,422
Additions	1,270	5,639	4,510	818
Depreciation charge	(1,761)	(2,483)	(2,992)	(1,575)
Termination	–	–	(643)	–
Exchange realignment	(1)	(4)	(5)	(2)
Carrying amount at 31 December/30 April	12,400	15,552	16,422	15,663

The Company

Buildings

	Year ended 31 December			Four months ended 30 April
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	12,873	12,326	15,535	13,608
Additions	1,159	5,639	1,408	–
Depreciation charge	(1,706)	(2,430)	(2,692)	(826)
Termination	–	–	(643)	(1,225)
Carrying amount at 31 December/30 April	12,326	15,535	13,608	11,557

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December			Four months ended 30 April
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	17,364	19,051	24,979	21,458
Additions	1,270	5,639	4,510	818
Accretion of interest recognised during the year/period	547	712	641	156
Termination	–	–	(737)	–
Lease payment	(130)	(419)	(7,931)	(258)
Exchange realignment	–	(4)	(4)	(3)
Carrying amount at 31 December/30 April	19,051	24,979	21,458	22,171
Analysed into:				
Current portion	9,737	11,816	7,691	8,431
Non-current portion	9,314	13,163	13,767	13,740

The Company

	Year ended 31 December			Four months ended 30 April
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	17,345	18,976	24,961	18,389
Additions	1,159	5,639	1,408	–
Accretion of interest recognised during the year/period	545	711	625	107
Termination	–	–	(737)	(1,403)
Lease payment	(73)	(365)	(7,868)	(20)
Carrying amount at 31 December/30 April	18,976	24,961	18,389	17,073
Analysed into:				
Current portion	9,681	11,798	6,089	5,355
Non-current portion	9,295	13,163	12,300	11,718

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Lease payments in respect of short-term leases	634	192	811	294	764
Interest on lease liabilities	547	712	641	131	156
Gain on termination of a lease	–	–	94	94	–
Depreciation charge of right-of-use assets	1,761	2,483	2,992	876	1,575
Total amount recognised in profit or loss	2,942	3,387	4,538	1,395	2,495

The Company

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Lease payments in respect of short-term leases	634	192	744	294	704
Interest on lease liabilities	545	711	625	131	107
Gain on termination of a lease	–	–	94	94	178
Depreciation charge of right-of-use assets	1,706	2,430	2,692	858	826
Total amount recognised in profit or loss	2,885	3,333	4,155	1,377	1,815

(d) The total cash outflow for leases is disclosed in note 33 to the Historical Financial Information.

16. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 April
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
New Shicoh Motor (Hefei) Co., Ltd.	50,327	50,457	50,588	50,592
New Shicoh Motor Co., Ltd. (Japan)*	43,302	44,327	44,327	44,327
Xinsikao (Shanghai) Technology Co., Ltd.	–	–	1,000	1,000
New Shicoh Motor (Shenzhen) Co., Ltd.	N/A	N/A	1,000	1,000
New Shicoh Motor (Dongguan) Co., Ltd.**	N/A	N/A	1,000	1,000
New Shicoh Motor (Nanchang) Co., Ltd.**	N/A	N/A	1,000	1,000
	93,629	94,784	98,915	98,919

* New Shicoh Motor Co., Ltd. (Japan) ("**New Shicoh Japan**") is one of the principal subsidiaries of the Company and principally engaged in the research and development activities. The directors of the Company determined that there existed indicators that the investment in New Shicoh Japan may be impaired as at each end of the Relevant Periods and have performed impairment assessment. As the recoverable amount of the investment in New Shicoh Japan was higher than its carrying amount, no provision for impairment was made for the Relevant Periods.

** New Shicoh Motor (Dongguan) Co., Ltd. ("**New Shicoh Dongguan**") and New Shicoh Motor (Nanchang) Co., Ltd. ("**New Shicoh Nanchang**") were registered in 2025 and are manufacturing entities of the Group. The directors of the Company determined that there existed indicators that the investments in these subsidiaries may be impaired as at 30 April 2026 and have performed impairment assessment. As the recoverable amounts were higher than their carrying amounts, no provision for impairment was made for the Relevant Periods.

17. INVENTORIES

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	45,430	36,260	46,758	49,367
Work in process	20,472	31,430	63,341	123,687
Finished goods	56,261	137,268	146,090	166,382
	122,163	204,958	256,189	339,436

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	41,532	34,427	44,206	42,413
Work in process	19,595	30,092	62,327	120,783
Finished goods	50,186	125,904	136,452	147,581
	111,313	190,423	242,985	310,777

18. DEFERRED TAX

The movements in deferred tax liabilities and assets for the Relevant Periods are as follows:

Deferred tax assets

The Group

	Leases liabilities	Impairment of financial assets	Impairment of inventories and other assets	Tax loss	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	2,602	673	9,318	27,649	2,236	42,478
Deferred tax credited/(debited) to profit or loss during the year	244	25	(4,183)	15,576	905	12,567
As at 31 December 2023 and 1 January 2024	2,846	698	5,135	43,225	3,141	55,045
Deferred tax credited/(debited) to profit or loss during the year	898	759	407	4,537	(59)	6,542
As at 31 December 2024 and 1 January 2025	3,744	1,457	5,542	47,762	3,082	61,587
Deferred tax (debited)/credited to profit or loss during the year	(986)	(420)	426	5,030	631	4,681
As at 31 December 2025 and 1 January 2026	2,758	1,037	5,968	52,792	3,713	66,268

	Leases liabilities	Impairment of financial assets	Impairment of inventories and other assets	Tax loss	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax credited/(debited) to profit or loss during the period	858	99	510	4,123	(221)	5,369
As at 30 April 2026	3,616	1,136	6,478	56,915	3,492	71,637

The Company

	Leases liabilities	Impairment of financial assets	Impairment of inventories and other assets	Tax loss	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	2,602	673	7,907	22,354	2,236	35,772
Deferred tax credited/(debited) to profit or loss during the year	244	25	(3,863)	14,807	905	12,118
As at 31 December 2023 and 1 January 2024	2,846	698	4,044	37,161	3,141	47,890
Deferred tax credited/(debited) to profit or loss during the year	898	759	892	6,259	(59)	8,749
As at 31 December 2024 and 1 January 2025	3,744	1,457	4,936	43,420	3,082	56,639
Deferred tax (debited)/credited to profit or loss during the year	(986)	(420)	519	5,986	631	5,730
As at 31 December 2025 and 1 January 2026	2,758	1,037	5,455	49,406	3,713	62,369
Deferred tax (debited)/credited to profit or loss during the period	(197)	99	401	4,284	(221)	4,366
As at 30 April 2026	2,561	1,136	5,856	53,690	3,492	66,735

Deferred tax liabilities

The Group

	Right-of-use assets	Depreciation allowance in excess of related depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	1,930	934	2,864
Deferred tax credited to profit or loss during the year	(81)	(89)	(170)
As at 31 December 2023 and 1 January 2024	1,849	845	2,694
Deferred tax charged/(credited) to profit or loss during the year	481	(88)	393
As at 31 December 2024 and 1 January 2025	2,330	757	3,087
Deferred tax credited to profit or loss during the year	(289)	(89)	(378)
As at 31 December 2025 and 1 January 2026	2,041	668	2,709
Deferred tax charged/(credited) to profit or loss during the period	748	(30)	718
As at 30 April 2026	2,789	638	3,427

The Company

	Right-of-use assets	Depreciation allowance in excess of related depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	1,932	934	2,866
Deferred tax credited to profit or loss during the year	(83)	(89)	(172)
As at 31 December 2023 and 1 January 2024	1,849	845	2,694
Deferred tax charged/(credited) to profit or loss during the year	481	(88)	393
As at 31 December 2024 and 1 January 2025	2,330	757	3,087
Deferred tax credited to profit or loss during the year	(289)	(89)	(378)
As at 31 December 2025 and 1 January 2026	2,041	668	2,709
Deferred tax credited to profit or loss during the period	(307)	(30)	(337)
As at 30 April 2026	1,734	638	2,372

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:

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	52,351	58,500	63,559	68,210

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	45,196	53,552	59,660	64,363

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	238,588	146,459	68,269	31,202
Deductible temporary differences	2	1	267	5,233
	238,590	146,460	68,536	36,435

The Group has accumulated tax losses in Chinese Mainland of RMB225,687,000, RMB134,456,000, RMB57,264,000, RMB20,515,000 in aggregate as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively. These losses can be carried forward to offset against future taxable profits generated by the individual companies that incurred the losses, within the next one to ten years.

The Group's accumulated tax losses in Japan were RMB12,901,000, RMB12,003,000, RMB11,005,000, RMB10,687,000 as at 31 December 2023, 31 December 2024 and 31 December 2025 and 30 April 2026, respectively. These losses can be carried forward to offset against future taxable profits generated by the individual companies that incurred the losses, within the next one to ten years.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	318,061	624,755	665,461	760,267
Bills receivables	27,850	32,582	13,325	75,284
	345,911	657,337	678,786	835,551
Less: Impairment of trade receivables	4,513	9,518	6,714	7,379
Trade and bills receivables, net	341,398	647,819	672,072	828,172

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	318,061	624,755	665,427	760,252
Due from subsidiaries	13,726	1,493	–	18,787
Bills receivables	27,850	32,582	13,325	75,284
	359,637	658,830	678,752	854,323
Less: Impairment of trade receivables	4,513	9,518	6,714	7,379
Trade and bills receivables, net	355,124	649,312	672,038	846,944

Included in the Group's trade and bills receivables are amounts due from the Group's related parties of RMB92,230,000, RMB50,489,000, RMB132,075,000 and RMB232,032,000 as at 31 December 2023, 2024, 2025 and 30 April 2026 (note 36), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

The Group's trading terms with its customers are mainly on credit. The Group generally gives a credit period of 60 to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. The Group has certain concentration of credit risk as 85.94%, 91.43%, 84.32%, and 82.32% of trade and bills receivables were due from the top five customers as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	339,795	646,939	671,966	827,852
Over 1 year	1,603	880	106	320
Total	341,398	647,819	672,072	828,172

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	339,795	648,079	671,932	846,624
Over 1 year	15,329	1,233	106	320
Total	355,124	649,312	672,038	846,944

The movements in the loss allowance for impairment of the trade receivables are as follows:

The Group and the Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year	4,372	4,513	9,518	6,714
Impairment losses/(reversal of impairment), net *(note 7)*	141	5,005	(2,804)	665
At end of year/period	4,513	9,518	6,714	7,379

An impairment analysis is performed at the end of each of Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due 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. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided full impairment for the defaulted receivables. The Group estimated that the expected loss rate for the bills receivables and the Company's trade receivables due from subsidiaries are minimal.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group and the Company

As at 31 December 2023

	Default receivables	Trade receivables ageing with		Total
		With 1 year	Over 1 year	
Expected credit loss rate	100.00%	0.53%	42.32%	1.42%
Gross carrying amount *(RMB'000)*	1,675	313,607	2,779	318,061
Expected credit losses *(RMB'000)*	1,675	1,662	1,176	4,513

As at 31 December 2024

	Default receivables	Trade receivables ageing with		Total
		With 1 year	Over 1 year	
Expected credit loss rate	100.00%	0.74%	78.76%	1.52%
Gross carrying amount *(RMB'000)*	1,675	618,937	4,143	624,755
Expected credit losses *(RMB'000)*	1,675	4,580	3,263	9,518

The Group

As at 31 December 2025

	Default receivables	Trade receivables ageing with		Total
		With 1 year	Over 1 year	
Expected credit loss rate	100.00%	0.70%	78.73%	1.01%
Gross carrying amount *(RMB'000)*	1,675	663,283	503	665,461
Expected credit losses *(RMB'000)*	1,675	4,643	396	6,714

As at 30 April 2026

	Default receivables	Trade receivables ageing with		Total
		With 1 year	Over 1 year	
Expected credit loss rate	100.00%	0.69%	61.57%	0.97%
Gross carrying amount *(RMB'000)*	1,675	757,762	830	760,267
Expected credit losses *(RMB'000)*	1,675	5,193	511	7,379

The Company

As at 31 December 2025

	Default receivables	Trade receivables ageing with		Total
		With 1 year	Over 1 year	
Expected credit loss rate	100.00%	0.70%	78.73%	1.01%
Gross carrying amount *(RMB'000)*	1,675	663,249	503	665,427
Expected credit losses *(RMB'000)*	1,675	4,643	396	6,714

As at 30 April 2026

	Default receivables	Trade receivables ageing with		Total
		With 1 year	Over 1 year	
Expected credit loss rate	100.00%	0.69%	61.57%	0.97%
Gross carrying amount *(RMB'000)*	1,675	757,747	830	760,252
Expected credit losses *(RMB'000)*	1,675	5,193	511	7,379

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Value-added tax recoverable	8,401	3,118	3,249	5,613
Prepaid income tax	–	3,472	4,743	1,420
Other assets *(note (a))*	26,868	27,677	46,463	66,934
Certificate of deposit *(note (b))*	21,654	–	–	–
Deferred **[REDACTED]** expenses	–	–	3,148	4,358
Receivables for claim from a supplier *(note 29)*	–	–	–	12,223
Prepayments	1,935	2,424	4,220	4,376
Other receivables and deposit	599	3,759	4,513	4,762
Subtotal	59,457	40,450	66,336	99,686
Less: Impairment of other receivables and deposit	(21)	(173)	(87)	(86)
	59,436	40,277	66,249	99,600
Non-Current				
Other receivables and deposits	2,360	360	457	729
Prepayments for property, plant and equipment	52	544	11,177	11,346
Subtotal	2,412	904	11,634	12,075
Less: Impairment of other receivables and deposit	(118)	(18)	(123)	(136)
	2,294	886	11,511	11,939

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Value-added tax recoverable	2,068	–	648	1,868
Prepaid income tax	–	3,472	3,356	–
Other assets *(note (a))*	25,858	26,341	44,339	55,637
Certificate of deposit *(note (b))*	21,654	–	–	–
Deferred **[REDACTED]** expenses	–	–	3,148	4,358
Receivables for claim from a supplier *(note 29)*	–	–	–	12,223
Prepayments	1,757	2,008	3,791	3,271
Other receivables and deposit	556	3,707	3,893	3,941
Due from subsidiaries	52,178	34,439	21,429	36,867
	104,071	69,967	80,604	118,165
Less: Impairment of other receivables and deposit	(21)	(173)	(77)	(71)
	104,050	69,794	80,527	118,094
Non-Current				
Other receivables and deposits	2,360	360	457	457
Prepayments for property, plant and equipment	52	544	11,177	11,346
Less: Impairment of other receivables and deposit	(118)	(18)	(123)	(123)

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	2,294	886	11,511	11,680

(a) Other assets represented the costs of moulds and tooling incurred to fulfil the contracts with customers. The capitalised costs are amortised to profit or loss over the estimated economic life.

(b) The certificate of deposit was denominated in RMB with expected yield rates of 3.55% per annum. It was classified and measured at amortised cost as it gives rise to cash flows that are solely payments of principal and interest and is held within a business model with the objective to collect contractual cash flows.

Other receivables are unsecured, non-interest-bearing and are collectable within one year.

As at 31 December 2023, 2024, 2025 and 30 April 2026 the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if 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, they were measured based on lifetime expected credit loss. The Company estimated that the expected loss rate for its other receivables due from subsidiaries is minimal.

The movements in the loss allowance for impairment of other receivables and deposits are as follows:

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year	116	139	191	210
Impairment losses/(reversal of impairment), net *(note 7)*	23	52	19	12
At the end of the year/period	139	191	210	222

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year	116	139	191	200
Impairment losses/(reversal of impairment), net	23	52	9	(6)
At the end of the year/period	139	191	200	194

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits	–	20,048	–	50,024

The structured deposits issued by banks in Chinese Mainland are classified and measured at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

22. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	60,685	204,604	234,255	57,068
Restricted cash	183,917	135,526	55,833	66,385
	244,602	340,130	290,088	123,453
Less:				
Restricted cash*	(183,917)	(135,526)	(55,833)	(66,385)
Cash and cash equivalents	60,685	204,604	234,255	57,068
Denominated in:				
RMB	239,308	333,649	288,197	119,212
United States Dollar ("**USD**")	4,793	6,291	1,105	3,739
JPY	501	190	786	502
	244,602	340,130	290,088	123,453

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, 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. The bank balances and restricted cash balances are deposited with creditworthy banks with no recent history of default.

* As at 31 December 2023, 2024, 2025 and 30 April 2026, the restricted cash was mainly used as guarantee deposits for the issuance of bills payable. As at 31 December 2025 and 30 April 2026, the restricted cash of RMB30,000,000 and RMB40,000,000, respectively, was frozen for the purchase of structured deposits.

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	55,768	197,445	230,333	54,022
Restricted cash	183,917	135,526	55,833	66,385
	239,685	332,971	286,166	120,407
Less:				
Restricted cash	(183,917)	(135,526)	(55,833)	(66,385)
Cash and cash equivalents	55,768	197,445	230,333	54,022
Denominated in				
RMB	234,892	326,680	285,061	116,668
United States Dollar ("**USD**")	4,793	6,291	1,105	3,739
	239,685	332,971	286,166	120,407

23. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills	129,499	8,655	13,685	35,471

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills	129,499	8,655	12,997	35,408

The above bank acceptance bills are issued by reputable banks in Chinese Mainland. They are classified and measured at fair value through other comprehensive income as they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling. Due to their relatively short remaining maturity, the fair value approximates to the carrying amount.

24. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	383,042	668,138	656,092	789,549
Bills payables	326,782	229,781	174,258	147,054
	709,824	897,919	830,350	936,603

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	705,807	893,536	826,232	932,304
Over 1 year	4,017	4,383	4,118	4,299
	709,824	897,919	830,350	936,603

The trade payables are non-interest-bearing and are normally settled within a period of 30 to 120 days.

Included in the Group's trade and bills payables are amounts due to the Group's related parties of RMB7,422,000, RMB19,845,000 and RMB15,815,000, and RMB14,162,000 as at 31 December 2023, 2024, 2025 and 30 April 2026 (note 36), respectively, which are payable on credit terms similar to those granted by the major suppliers of the Group.

In addition to the restricted cash (note 22), as at 31 December 2023, 2024, 2025 and 30 April 2026, the Group's bills payables of RMB90,090,000, RMB79,313,000, RMB148,545,000, and RMB109,383,000 were guaranteed by the related parties (note 36).

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	333,991	615,927	589,353	725,240
Bills payables	294,604	222,938	159,258	140,054
Due to subsidiaries	124,559	87,932	113,109	95,810
	753,154	926,797	861,720	961,104

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	749,177	922,618	858,158	957,312
Over 1 year	3,977	4,179	3,562	3,792
	753,154	926,797	861,720	961,104

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payable for endorsed bills receivable that are not derecognised *(note a)*	–	1,703	12,248	42,832
Payroll payable	12,707	30,511	42,256	34,608
Other tax payable	683	3,682	2,231	1,658
Payables for property, plant and equipment	23,751	38,404	63,047	63,946
Payables to former shareholders *(note b)*	12,278	9,390	–	–
[REDACTED] expenses payables	–	–	5,659	129
Other payables	22,307	32,994	37,531	54,878
	71,726	116,684	162,972	198,051

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payable for endorsed bills receivable that are not derecognised *(note a)*	–	1,703	12,248	42,885
Payroll payable	11,802	28,827	39,742	29,094
Other tax payable	626	3,560	1,987	1,241
Payables for property, plant and equipment	22,061	37,321	62,130	62,266
Payables to former shareholders *(note b)*	12,278	9,390	–	–
[REDACTED] expenses payables	–	–	5,659	129
Other payables	20,842	30,880	36,928	52,624
	67,609	111,681	158,694	188,239

Other payables are non-interest-bearing and repayable on demand.

(a) For the endorsed bills receivable that the Group 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 bills receivables and associated liabilities. Further details are set out in note 37 to the Historical Financial Information.

(b) It represented the loans from a former shareholder at the principal amount of RMB18,500,000 and bearing interest at an agreed rate. The loans and accrued interests were fully repaid in December 2025.

26. INTEREST-BEARING BANK LOANS

The Group and the Company

	At 31 December									As at 30 April		
	2023			2024			2025			2026		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans – secured	3.5	2024	10,010	3.0-3.2	2025	48,062	–	–	–	–	–	–
Bank loans – unsecured	3.5	2024	10,112	3.1	2025	15,021	–	–	–	–	–	–
Current portion of long term bank loans – secured	–	–	–	3.1	2025	200	2.4-3.3	2026	22,367	2.4–3.3	2027	34,892
Bank loans – discounted bills receivables			66			–			–			–
Total – current			20,188			63,283			22,367			34,892
Non-current												
Bank loans – secured			–	3.1-3.3	2026-2029	35,713	2.4-3.3	2027-2030	165,589	2.4-3.3	2027-2030	161,070
Total – non-current			–			35,713			165,589			161,070
Total			20,188			98,996			187,956			195,962
Analysed into												
Bank loans repayable												
Within one year or on demand			20,188			63,283			22,367			34,892
In the second year			–			14,134			55,322			62,700
In the third to fifth years, inclusive			–			21,579			110,267			98,370
Total			20,188			98,996			187,956			195,962

As at 31 December 2023, 2024, 2025 and 30 April 2026, the Group's bank borrowings of RMB10,010,000, RMB83,975,000 and RMB187,956,000, and RMB195,962,000 were guaranteed by the related parties (note 36).

All bank and other borrowings were denominated in RMB and the carrying amounts approximate to their fair values as at 31 December 2023, 2024, 2025 and 30 April 2026.

27. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers				
Sale of goods	769	2,391	2,925	3,835
Technical services	–	–	11,338	–
	769	2,391	14,263	3,835
Analysed for reporting purposes as:				
Current liabilities	769	2,391	14,263	3,835
	769	2,391	14,263	3,835

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers				
Sale of goods	769	2,391	9,603	9,948
Technical services	–	–	11,338	–
	769	2,391	20,941	9,948
Analysed for reporting purposes as:				
Current liabilities	769	2,391	20,941	9,948
	769	2,391	20,941	9,948

* The increase in contract liabilities in 2025 was mainly due to the increase in short-term advances received from customers in relation to the provision of technical services at the end of the reporting period.

28. DEFERRED INCOME

The Group and the Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	20,940	20,548	24,753	23,281
At beginning of year	14,906	20,940	20,548	24,753
Grants received during the year/period	9,046	3,182	10,181	–
Released to profit or loss during the year/period	(3,012)	(3,574)	(5,976)	(1,472)
At end of year/period	20,940	20,548	24,753	23,281

Deferred income represented amounts received from the governments for projects and is credited to profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

29. PROVISION

The Group and the Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Product warranty provision(a)	1,842	3,028	3,326	3,340
Litigation provision(b)	–	–	–	12,223
	1,842	3,028	3,326	15,563

(a) The Group generally provides 18 to 36 months warranties to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

(b) It represents the provision for a lawsuit filed by a supplier (the "**Plaintiff**") against the Group. The Plaintiff requested a total compensation of RMB12,223,000 for the costs of materials that the Plaintiff had produced based on the order placed by the Group and subsequently cancelled. As the cancellation of the sales order by the customer of the Group simultaneously caused the Group to cancel the purchase order with the supplier, based on the opinion from the Company's legal advisor and all the available information, it is virtually certain that the customer should compensate the Group for the losses caused by the order cancellation, including all the payments made by the Group to the Group's suppliers. The Group recognised the provision in respect of the probable compensation costs to the supplier, and the contingent asset for the amount that the Group expects to receive from the customer (note 20). For details, please refer to section "Business – Legal Proceedings and Compliance – Legal Proceedings" of the document. In May 2026, the court approved the Plaintiff's application for property preservation, resulting in the restriction of RMB12,223,000 in the Group's bank accounts as a provisional measure.

	Product warranty provision	Litigation provision	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	1,153	–	1,153
Additional provision *(note 7)*	2,908	–	2,908
Amounts utilised during the year	(2,219)	–	(2,219)
At 31 December 2023	1,842	–	1,842
At 1 January 2024	1,842	–	1,842
Additional provision *(note 7)*	5,163	–	5,163
Amounts utilised during the year	(3,977)	–	(3,977)
At 31 December 2024	3,028	–	3,028
At 1 January 2025	3,028	–	3,028
Additional provision *(note 7)*	3,899	–	3,899
Amounts utilised during the year	(3,601)	–	(3,601)
At 31 December 2025	3,326	–	3,326
At 1 January 2026	3,326	–	3,326
Additional provision *(note 7, note 20)*	69	12,223	12,292
Amounts utilised during the period	(55)	–	(55)
At 30 April 2026	3,340	12,223	15,563

30. SHARE CAPITAL/PAID-IN CAPITAL

The Group and the Company

Share Capital

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
	(in thousand)	*RMB'000*
As at 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	–	–
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each**	106,826	106,826
As at 31 December 2025 and 30 April 2026	106,826	106,826

Paid-in Capital

A summary of movements in the paid-in capital is as follows:

	RMB'000
As at 1 January 2023	102,375
Capital contribution by shareholders*	4,451
1 January 2024, 31 December 2024 and 1 January 2025	106,826
Conversion into a joint stock company**	(106,826)
As at 31 December 2025 and 30 April 2026	–

* During the year ended 31 December 2023, the Company received capital contribution with an aggregate cash proceed of RMB99,010,000, which was net of share issue expenses of RMB990,000, from certain investors. The capital contribution has resulted in the increase in paid-in capital and capital reserve by RMB4,451,000 and RMB94,559,000, respectively.

** In November 2025, the Company 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, including the paid-in capital, capital reserves and accumulated losses, were converted into 106,826,000 ordinary shares of 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.

Pursuant to the shareholders subscription agreements entered into prior to Relevant Periods and on 20 January 2023, the Company issued an aggregate of 38,226,031 ordinary shares to the Pre-**[REDACTED]** investors at a total net cash proceeds of approximately RMB655,000,000 (collectively the "**Pre-[REDACTED] Investments**"). Additionally, pursuant to the share transfer agreements entered in December 2021 and January 2022, Shenzhen Hezheng Industrial Investment Co., Ltd., transferred a total of 7,744,888 ordinary shares to certain Pre-**[REDACTED]** investors for a total consideration of RMB174,000,000. Pursuant to the above agreements, the Pre-**[REDACTED]** Investors were granted by the Company with special rights ("**Special Rights**") which included redemption rights and liquidation preferences rights.

There was no exercise of redemption rights and liquidation preferences rights granted by the Company throughout the Relevant Periods.

On 19 August 2025 and 23 December 2025, the Company and the Pre-**[REDACTED]** investors subsequently entered into supplemental agreements, agreeing that the redemption rights and liquidation preference rights granted by the Company to Pre-**[REDACTED]** investors have been irrecoverably terminated and shall be *void ab initio*, respectively. 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 in December 2025.

(i) the redemption financial liabilities, total current liabilities, net current liabilities and net deficits would have been:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Redemption financial liabilities	994,205	1,059,717	1,126,037
Total current liabilities	1,808,291	2,154,838	2,167,009
Net current liabilities	(911,193)	(892,951)	(868,726)
Net deficits	(562,667)	(514,946)	(457,113)

(ii) the finance costs associated with the redemption financial liabilities, the net losses/profits for the year/period, basic and dilutive loss/earnings per share would have been:

	Year ended 31 December			Four months ended 30 April
	2023	**2024**	**2025**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Financial costs associated with the redemption financial liabilities	66,894	65,512	66,320	21,804
Total net (losses)/profits	(96,996)	39,243	54,078	3,338
Basic and dilutive (loss)/earnings per share *(expressed in RMB)*	(0.91)	0.37	0.51	0.03

31. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the four months ended 30 April 2025 are presented in the consolidated statements of changes in equity.

(i) Capital reserve

Capital reserve of the Group represents the difference between the value of the paid-up capital and the consideration received.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 32 to the Historical Financial Information.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve of the Group represents exchange differences arising from the translation of financial statements of foreign operations.

(iv) Reserve funds

The reserve funds of the Group represent the surplus reserve allocated from the Company's after-tax profits generated in previous years in accordance with the Company Law of the PRC.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods and the four months ended 30 April 2025 are presented as follows:

	Capital reserve	Share-based payment reserve	Reserve funds	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	553,940	13,460	27	(286,889)	280,538
Loss for the year	–	–	–	(29,953)	(29,953)
Total comprehensive loss for the year	–	–	–	(29,953)	(29,953)
Share-based payments	–	7,096	–	–	7,096
Capital contribution by shareholders	94,559	–	–	–	94,559
At 31 December 2023	648,499	20,556	27	(316,842)	352,240
At 1 January 2024	648,499	20,556	27	(316,842)	352,240
Profit for the year	–	–	–	98,878	98,878
Total comprehensive income for the year	–	–	–	98,878	98,878
Share-based payments	–	9,083	–	–	9,083
At 31 December 2024	648,499	29,639	27	(217,964)	460,201
At 1 January 2025	648,499	29,639	27	(217,964)	460,201
Profit for the year	–	–	–	105,957	105,957
Total comprehensive income for the year	–	–	–	105,957	105,957
Share-based payments	–	3,956	–	–	3,956
Conversion into a joint stock company	(86,776)	–	(27)	86,803	–
At 31 December 2025	561,723	33,595	–	(25,204)	570,114
At 1 January 2026	561,723	33,595	–	(25,204)	570,114
Profit for the period	–	–	–	60,456	60,456
Total comprehensive income for the period	–	–	–	60,456	60,456
Share-based payments	–	1,574	–	–	1,574
At 30 April 2026	561,723	35,169	–	35,252	632,144
At 1 January 2025	648,499	29,639	27	(217,964)	460,201
Profit for the year	–	–	–	14,723	14,723
Total comprehensive income for the year	–	–	–	14,723	14,723
Share-based payments	–	1,910	–	–	1,910
At 30 April 2025 (unaudited)	648,499	31,549	27	(203,241)	476,834

32. SHARE-BASED PAYMENTS

(a) Employee Incentive Platforms

The Company have established two pre-**[REDACTED]** employee incentive platforms (the "**Employee Incentive Platforms**") for certain employees of the Company ("**Share Incentive Participants**") in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Company, and incentivise them to further promote the development of the Company.

Jiashan Changxin Zhitou Asset Management Partnership (Limited Partnership) ("**Jiashan Changxin**") and Hefei Jiatou Entrepreneurship Management Partnership (Limited Partnership) ("**Hefei Jiatou**") were the Employee Incentive Platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Company has no control over the Employee Incentive Platforms.

On 31 December 2020, the Company granted 1,514,703 restricted share units ("**RSUs**") of the Company to 39 eligible employees at a subscribed price of RMB3.93 through Jiashan Changxin. On 30 June 2021, the Company granted 2,008,821 RSUs of the Company to 42 eligible employees at a subscribed price of RMB3.93 through Jiashan Changxin and Hefei Jiatou. On 28 February 2025, the Company granted 299,000 RSUs of the Company to 12 eligible employees at a subscribed price of RMB3.93 through Jiashan Changxin. On 23 December 2025, the Company granted 1,558,000 RSUs of the Company to one eligible employee at a subscribed price of RMB3.93 through Jiashan Changxin and Hefei Jiatou.

All of the RSUs granted to the Share Incentive Participants shall be subject to both a **[REDACTED]**-based condition (the "**[REDACTED] Condition**") as well as service conditions. The **[REDACTED]** Condition would be satisfied when the ordinary shares of the Company are successfully **[REDACTED]** on a recognised stock exchange.

(b) Equity Compensation Arrangements at the Shareholder Level

Shenzhen Changxin Technology Investment Partnership (Limited Partnership) ("**Shenzhen Changxin**"), a limited partnership established in the PRC on 30 December 2020, holds 8.33% of the Company's issued shares, with Cai Zhenpeng as its controlling shareholders.

On 31 December 2020, Cai Zhenpeng transferred 178,044 shares held by Shenzhen Changxin in the Company to two eligible employees at a transfer price of RMB0.11 per share. On 31 March 2023, one of the eligible employees transferred 89,022 shares held by Shenzhen Changxin in the Company to one eligible employee at a transfer price of RMB1.00, which were subsequently transferred to another eligible employee at a transfer price of RMB1.00 on 5 November 2024. On 30 December 2024, Cai Zhenpeng transferred 150,268 shares held by Shenzhen Changxin in the Company to this eligible employee at a transfer price of RMB6.65 per share. Since the transfer prices of the above transactions were below the Company's market fair value at the time of transfer, these transactions were accounted for as share-based payment arrangements.

The fair values of the Company's shares and RSUs granted on 31 December 2020 and 31 March 2023 were determined with reference to recent transaction prices. The fair values of the RSUs granted on 30 June 2021, 28 February 2025, 23 December 2025 and the Company's shares granted on 30 December 2024 were measured as the market value at the grant dates, which were determined by an external valuer using the discounted cash flows method. The following table lists the key inputs to the fair value model used:

	30 June 2021	30 December 2024 and 28 February 2025	23 December 2025
Revenue growth rate *(%)*	(3.60)-82.60	4.00-31.59	4.00-23.20
Gross margin rate *(%)*	(20.21)-24.28	16.43-19.78	16.84-19.58
Weighted average cost of capital (WACC) *(%)*	11.30	10.40	10.50

The RSUs granted and outstanding during the Relevant Periods are as follows:

	Number of shares
At 1 January 2023	3,189,173
Granted during the period	–
Forfeited during the year	(485,569)
Cancelled during the year	(229,007)
At 31 December 2023	2,474,597
At 1 January 2024	2,474,597
Granted during the period	–
Forfeited during the year	(60,992)
Cancelled during the year	–
At 31 December 2024	2,413,605
At 1 January 2025	2,413,605
Granted during the year	1,856,841
Forfeited during the year	(134,663)
Cancelled during the year	(30,000)
At 30 December 2025	4,105,783
At 1 January 2026	4,105,783
Granted during the period	–
Forfeited during the period	(126,142)
Cancelled during the period	–
At 30 April 2026	3,979,641

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2026, the Group recognised share award expenses of RMB7,096,000, RMB9,083,000, RMB3,956,000, and RMB1,574,000 respectively.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2025 and 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,270,000, RMB5,639,000, RMB4,510,000, RMB113,000 and RMB818,000 respectively, in respect of lease arrangements for buildings premises.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank loans	Lease liabilities	Other payables to the former shareholder	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	34,171	17,364	12,105	63,640
Changes from financing cash flow	86,530	(130)	–	86,400
Changes from non-cash transactions	(101,052)	1,270	–	(99,782)
Accretion of interest	539	547	173	1,259
At 31 December 2023 and 1 January 2024	20,188	19,051	12,278	51,517
Changes from financing cash flow	123,535	(419)	(3,000)	120,116
Changes from non-cash transactions	(46,828)	5,639	–	(41,189)
Accretion of interest	2,101	712	112	2,925
Foreign exchange movement	–	(4)	–	(4)
At 31 December 2024 and 1 January 2025	98,996	24,979	9,390	133,365
Changes from financing cash flow	86,003	(7,931)	(9,390)	68,682
Changes from non-cash transactions	–	4,510	–	4,510
Termination	–	(737)	–	(737)
Accretion of interest	2,957	641	–	3,598
Foreign exchange movement	–	(4)	–	(4)
At 31 December 2025 and 1 January 2026	187,956	21,458	–	209,414
Changes from financing cash flow	6,550	(258)	–	6,292
Changes from non-cash transactions	–	818	–	818
Accretion of interest	1,456	156	–	1,612
Foreign exchange movement	–	(3)	–	(3)
At 30 April 2026	195,962	22,171	–	218,133
At 1 January 2025	98,996	24,979	9,390	133,365
Changes from financing cash flow	11,801	(56)	(5,000)	6,745
Changes from non-cash transactions	–	113	–	113
Termination	–	(737)	–	(737)
Accretion of interest	1,557	131	–	1,688
Foreign exchange movement	–	1	–	1
At 30 April 2025(unaudited)	112,354	24,431	4,390	141,175

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Within operating activities	634	192	811	294	764
Within financing activities	240	419	8,178	161	715
	874	611	8,989	455	1,479

34. PLEDGE OF ASSETS

Details of the Group's restricted cash is included in note 22 to the Historical Financial Information.

35. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at 31 December			As at 30 April
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Purchase of items of property, plant and equipment	14,779	22,358	112,610	52,533

The Group had the following short-term lease commitments at the end of the Relevant Periods. The future lease payments for these non-cancellable lease contracts are falling due as follows:

	As at 31 December			As at 30 April
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	74	2,809	3,875	2,825

36. RELATED PARTY TRANSACTIONS

The directors are of the view that the following are related parties that have material transactions or balances with the Group during the Relevant Periods and the four months ended 30 April 2025.

(a) Name and relationships of the related parties

Name	Relationship
Dr. Cai Rongjun	Non-executive Director, chairman of the Board and one of the Controlling Shareholders
Mr. Cai Zhenpeng	Executive Director, vice chairman, chief executive officer and one of the Controlling Shareholders
OFILM Group Co., Ltd. and its subsidiaries ("**OFILM**")	Controlled by Dr. Cai Rongjun, one of the Controlling Shareholders
Jiangxi Xinfei New Materials Co., Ltd.	Controlled by Dr. Cai Rongjun, one of the Controlling Shareholders
Shenzhen Hezheng Industrial Investment Co., Ltd. ("**Shenzhen Hezheng**")	One of the Controlling Shareholders
Dongguan Oufei Imaging Industry Investment and Development Co., Ltd.	Controlled by Dr. Cai Rongjun, one of the Controlling Shareholders

(b) Recurring transactions with related parties:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Sales of products and services to related parties *(note i)*:					
OFILM	324,005	431,854	594,381	160,656	289,777
Jiangxi Xinfei New Materials Co., Ltd.	320	243	–	–	–
	324,325	432,097	594,381	160,656	289,777
Purchases of products and services from related parties *(note ii)*:					
OFILM	545	101	2,513	28	12
Jiangxi Xinfei New Materials Co., Ltd.	10,507	41,953	41,243	15,450	8,996
	11,052	42,054	43,756	15,478	9,008
Purchases of equipment from related parties *(note ii)*:					
OFILM	1,907	–	–	–	–

(i) The sale to the related parties were made according to the published prices and conditions offered to the major customers of the Group. The credit terms granted to the related parties were generally in line with the credit terms granted to other customers.

(ii) The purchases from the related parties were made according to the published prices and conditions offered by the related parties to their major customers.

(c) Outstanding balances with related parties:

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables:				
OFILM	92,230	50,489	132,075	232,032
Trade and bills payables:				
Jiangxi Xinfei New Materials Co., Ltd.	7,274	19,845	15,815	14,159
OFILM	148	–	–	3
	7,422	19,845	15,815	14,162
Contract liabilities:				
OFILM	72	–	339	903
Lease liabilities *(note i)*:				
Dongguan Oufei Imaging Industry Investment and Development Co., Ltd.	–	–	1,385	1,868
Prepayments, other receivables and other assets				
OFILM	–	36	1,721	1,685
Other payables and accruals:				
OFILM	2,549	5	328	724

(i) The Group entered into three tenancy agreements with the related party to lease certain properties for a period of 3 years. The rental fees were determined based on the published prices and conditions of the properties.

As at 31 December 2023, 2024, 2025 and 30 April 2026, all the remaining balances with related parties are trade in nature.

(d) Guarantee provided by related parties:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Cai Zhenpeng				
Bank loans	10,010	83,975	187,956	195,962
Bills payables	90,090	79,313	148,545	109,383
	100,100	163,288	336,501	305,345

The guarantees for bank loans and bill payables were provided free of charge with the duration period from 2023 to 2030 and from 2023 to 2027 respectively. The guarantees provided by related parties are expected to be released before the **[REDACTED]**.

Redemption rights of the Pre-*[REDACTED] ***investors granted by the Dr. Cai Rongjun and Shenzhen Hezheng***

According to the share subscription agreements and supplemental agreement entered into by the Company and the shareholders from January 2019 to January 2023, the Pre-**[REDACTED]** investors were granted the redemption right by Dr. Cai Rongjun and Shenzhen Hezheng ("the **CS Redemption Right**"). Pursuant to another supplemental agreement entered into by the Company and the shareholders in December 2025, the CS Redemption Right will be terminated immediately before the **[REDACTED]**.

The Company has not provided any form of guarantee in connection with any potential failure of the Dr. Cai Rongjun and Shenzhen Hezheng to fulfill their obligations relating to the CS Redemption Right. Accordingly, as the CS Redemption Right does not constitute any obligation of the Company, no financial liability regarding such rights were recorded by the Company during the Relevant Periods.

(e) Compensation of key management personnel of the Group

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	–	–	14	–	147
Salaries, allowances and benefits in kind	3,991	3,865	4,994	1,402	1,586
Performance related bonus	659	957	1,843	363	250
Pension scheme contributions	411	427	620	127	75
Equity-settled share-based payment expenses	4,503	5,274	980	328	2,100
	9,564	10,523	8,451	2,220	4,158

Further details of directors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

37. TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

At 31 December 2023, 2024, 2025, and 30 April 2026, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the "**Endorsed Bills**") with carrying amounts of nil, RMB1,703,000, RMB12,248,000, and RMB42,832,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the year/period to which the suppliers have recourse were RMB4,000,000, RMB10,180,000, RMB122,120,000, and RMB42,832,000 as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively.

During the years ended 31 December 2023, 2024, 2025, and the four months ended 30 April 2025 and 2026, the Group had non-cash decrease to bills receivables and interest-bearing bank borrowings of RMB18,769,000, RMB67,000, nil, nil and nil, respectively, in respect of the discounted bills receivable that are not derecognised.

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024, 2025, and 30 April 2026, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland to certain of its suppliers in order to settle the trade payables due to such suppliers, and discounted certain bills receivable to banks in Chinese Mainland, (together, the "**Derecognised Bills**") with carrying amounts in aggregate of RMB51,154,000, RMB255,659,000, RMB317,124,000, and RMB161,145,000, respectively. The Derecognised Bills had a maturity of one to six 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 Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, 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 Bills 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 Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2023, 2024, 2025, and the four months ended 30 April 2025 and 2026, the Group recognised other expenses of RMB321,000, RMB604,000, RMB403,000, RMB109,000 and nil on the dates of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the Relevant Periods or cumulatively.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost:				
Trade and bills receivables	341,398	647,819	672,072	828,172
Restricted cash	183,917	135,526	55,833	66,385
Cash and cash equivalents	60,685	204,604	234,255	57,068
Financial assets included in deposit and other receivables	24,474	3,928	4,760	5,269
Financial assets at fair value through other comprehensive income:				
Debt investments at fair value through other comprehensive income	129,499	8,655	13,685	35,471
Financial assets at fair value through profit and loss:				
Structured deposits	–	20,048	–	50,024
	739,973	1,020,580	980,605	1,042,389
Financial liabilities at amortised cost:				
Trade and bills payables	709,824	897,919	830,350	936,603
Financial liabilities included in other payables and accruals	58,336	82,491	118,485	161,785
Lease liabilities	19,051	24,979	21,458	22,171
Interest-bearing bank loans	20,188	98,996	187,956	195,962
	807,399	1,104,385	1,158,249	1,316,521

For the details of pre-**[REDACTED]** investments, please refer to note 30 to this report.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company 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 fair values of the financial assets at fair value through profit and loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

Financial assets:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt investments at fair value through other comprehensive income	–	129,499	–	129,499

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt investments at fair value through other comprehensive income	–	8,655	–	8,655
Financial assets at fair value through profit or loss	–	20,048	–	20,048

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt investments at fair value through other comprehensive income	–	13,685	–	13,685

As at 30 April 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt investments at fair value through other comprehensive income	–	35,471	–	35,471
Financial assets at fair value through profit or loss	–	50,024	–	50,024

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash and short-term 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 receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term and long-term borrowings. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. At 31 December 2024 and 31 December 2025 and 30 April 2026, approximately 100% of the Group's long-term interest-bearing borrowings bore interest at floating rates. The Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
		RMB'000	*RMB'000*
Year ended 31 December 2023			
RMB	50	(94)	–
RMB	(50)	94	–
Year ended 31 December 2024			
RMB	50	(545)	–
RMB	(50)	545	–
Year ended 31 December 2025			
RMB	50	(2,141)	–
RMB	(50)	2,141	–
Four months ended 30 April 2026			
RMB	50	(2,090)	–
RMB	(50)	2,090	–

* Excluding accumulated losses

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's (loss)/profit before tax (due to changes in the translated value of monetary assets and liabilities).

	Increase/ (decrease) in foreign currency exchange rates	(Decrease)/ increase in profit before tax
	%	*RMB'000*
Year ended 31 December 2023		
If RMB weakens against the USD	5	(1,539)
If RMB strengthens against the USD	5	1,539
Year ended 31 December 2024		
If RMB weakens against the USD	5	(1,633)
If RMB strengthens against the USD	5	1,633
Year ended 31 December 2025		
If RMB weakens against the USD	5	(1,645)
If RMB strengthens against the USD	5	1,645
Four months ended 30 April 2026		
If RMB weakens against the USD	5	(1,451)
If RMB strengthens against the USD	5	1,451

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, restricted cash and financial assets included in deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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 the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	–	–	345,911	345,911
Financial assets included in deposits and other receivables*	24,613	–	–	–	24,613
Restricted cash	183,917	–	–	–	183,917
Debt investments at fair value through other comprehensive income	129,499	–	–	–	129,499
Cash and cash equivalents	60,685	–	–	–	60,685
	398,714	–	–	345,911	744,625

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	–	–	657,337	657,337
Financial assets included in deposits and other receivables*	4,119	–	–	–	4,119
Restricted cash	135,526	–	–	–	135,526
Debt investments at fair value through other comprehensive income	8,655	–	–	–	8,655
Cash and cash equivalents	204,604	–	–	–	204,604
	352,904	–	–	657,337	1,010,241

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	–	–	678,786	678,786
Financial assets included in deposits and other receivables*	4,970	–	–	–	4,970
Restricted cash	55,833	–	–	–	55,833
Debt investments at fair value through other comprehensive income	13,685	–	–	–	13,685
Cash and cash equivalents	234,255	–	–	–	234,255
	308,743	–	–	678,786	987,529

As at 30 April 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	–	–	835,551	835,551
Financial assets included in deposits and other receivables *	17,714	–	–	–	17,714
Restricted cash	66,385	–	–	–	66,385
Debt investments at fair value through other comprehensive income	35,471	–	–	–	35,471
Cash and cash equivalents	57,068	–	–	–	57,068
	176,638	–	–	835,551	1,012,189

* The credit quality of the financial assets included in deposits and other receivables 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.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	709,824	–	709,824
Financial liabilities included in other payables and accruals	58,336	–	58,336
Lease liabilities	10,247	10,573	20,820
Interest-bearing bank loans	20,852	–	20,852
	799,259	10,573	809,832

As at 31 December 2024

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	897,919	–	897,919
Financial liabilities at fair value through profit and loss	–	–	–
Financial liabilities included in other payables and accruals	82,491	–	82,491
Lease liabilities	12,238	13,797	26,035
Interest-bearing bank loans	65,261	37,791	103,052
	1,057,909	51,588	1,109,497

As at 31 December 2025

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	830,350	–	830,350
Financial liabilities at fair value through profit and loss	–	–	–
Financial liabilities included in other payables and accruals	118,485	–	118,485
Lease liabilities	8,119	15,181	23,300
Interest-bearing bank loans	27,611	173,336	200,947
	984,565	188,517	1,173,082

As at 30 April 2026

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	936,603	–	936,603
Financial liabilities at fair value through profit and loss	–	–	–
Financial liabilities included in other payables and accruals	161,785	–	161,785
Lease liabilities	9,051	14,713	23,764
Interest-bearing bank loans	40,345	168,098	208,443
	1,147,784	182,811	1,330,595

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain 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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	1,275,878	1,709,316	1,914,005	2,102,124
Total liabilities	844,340	1,164,545	1,245,081	1,395,473
Asset-liability ratio*	66%	68%	65%	66%

* Asset-liability ratio is calculated by dividing total liabilities by total assets.

41. EVENTS AFTER THE RELEVANT PERIODS

There is no significant subsequent event undertaken by the Company after 30 April 2026.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 30 April 2026.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

This appendix contains a summary of the principal provisions of the Articles of Association of the Company adopted on December 15, 2025, which will be effective from the date of **[REDACTED]** of H Shares on the Hong Kong Stock Exchange. This appendix is primarily intended to provide potential **[REDACTED]** with an overview of the Company's Articles of Association and therefore may not contain all the information that is material to potential **[REDACTED]**.

SHARES

1. Share issues

All the shares of the Company shall be issued in the form of stocks. All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; Each of the shares shall be subscribed for at the same price by subscribers. The shares issued by the Company shall be denominated in RMB with a par value of RMB1 per share.

Overseas **[REDACTED]** shares of the Company **[REDACTED]** on the Hong Kong Stock Exchange are referred to as H shares. The Company's shares in issue but unlisted on both domestic and overseas stock exchanges shall be referred to as unlisted shares. The Company's unlisted shares can be converted into overseas-**[REDACTED]** shares and **[REDACTED]** and **[REDACTED]** on the overseas stock exchanges upon filing with the competent security authorities of the State Council. The **[REDACTED]** and **[REDACTED]** on the overseas stock exchange shall comply with its regulatory procedures, regulations and requirements. Unlisted shares are converted into overseas **[REDACTED]** shares and **[REDACTED]** and traded on the overseas stock exchanges without convening a general meeting to vote. Among the shares issued by the Company, unlisted shares shall be registered and deposited centrally with the domestic securities registration and clearing institutions. The registration and settlement arrangements for overseas **[REDACTED]** shares shall comply with the regulations and practices of the place where the Company's shares are **[REDACTED]**, primarily deposited with an escrow company under Hong Kong Securities Clearing Company Limited, and such shares may also be held in the personal names of shareholders.

2. Increase, Decrease and Repurchase of Shares

The Company may, based on its needs for operation and development and in accordance with the law, regulation, departmental rules, regulatory document, the Hong Kong Listing Rules, securities regulatory rules in the place where the Company's shares are **[REDACTED]** and requirements of the regulatory body, increase its capital in the following ways subject to separate resolutions of the general meeting of our Shareholders:

(I) issuing shares to unspecified parties;

(II) issuing shares to specific targets;

(III) issuing bonus shares to existing shareholders;

(IV) conversion of capital reserve into capital; and

(V) other methods as prescribed by laws, administrative regulations, and approved by the CSRC, the Hong Kong Listing Rules, the securities regulatory authority in the place where the Company's shares are **[REDACTED]**, and the stock exchange.

The Company may reduce its registered capital. To reduce its registered capital, the Company shall proceed it in compliance with the Company Law, the Hong Kong Listing Rules, other relevant applicable laws, administrative regulations, departmental rules, normative documents and the Articles of Association.

The Company shall not acquire the Company's shares save and except for any one of the following circumstances:

(I) to reduce the registered capital of the Company;

(II) merge with other companies which hold shares in the Company;

(III) issue shares under employee stock ownership schemes or share incentive schemes;

(IV) request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company;

(V) to use the shares in the conversion of the convertible corporate bonds issued by the Company;

(VI) such circumstances that are necessary for the Company to safeguard its value and the interests of its shareholders;

(VII) other circumstances permitted by laws, regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and relevant regulatory authorities.

Notwithstanding the abovementioned provisions, if the matters relating to above mentioned repurchase of shares of our Company are subject to other requirements under applicable laws, regulations, other requirements under the Articles, and the laws of the places where our Company's shares are **[REDACTED]** or relevant requirements of the securities regulatory authority, such regulations shall prevail.

3. Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws. All transfers of H shares shall be effected by means of an instrument of transfer in writing in the usual or common form or in any other form approved by the Board of Directors or permitted by applicable laws, regulations, or the securities regulatory rules of the place where the company's shares are **[REDACTED]** (including the standard transfer form or transfer deed prescribed by the Hong Kong Stock Exchange from time to time); and such instrument of transfer shall be executed either manually or under seal if the transferor or transferee is a company. If the transferor or transferee of the Company's shares are the recognised clearing house ("**Recognised Clearing House**") as defined in the relevant ordinances of Hong Kong law in force from time to time or its agent, the written documents of transfer can be signed by hands or in machine printed form. All transfer documents must be put in the legal address of the Company or other places as the Board of Directors may designate from time to time. The transfer of H shares **[REDACTED]** in Hong Kong shall be registered by the **[REDACTED]** in Hong Kong entrusted by the Company.

In the event that there is any provision under law, administrative regulation, departmental rule, the Hong Kong Listing Rules, the securities regulatory rule of the place where the shares of the Company are **[REDACTED]** or relevant regulatory authority regarding the transfer by the shareholders of the Company of the shares held by them, such provision shall prevail. The Company shall not accept its own shares as the subject of a pledge.

SHAREHOLDERS AND GENERAL MEETINGS

4. Shareholders

The Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities of the place where the Company's shares are **[REDACTED]**. The register of shareholders is sufficient evidence to prove that the shareholders hold the Company's shares.

The shareholders of the Company shall have the following rights:

(I) the right to speak and vote at the general meeting, unless required by the Hong Kong Listing Rules to waive voting rights on individual matters;

(II) to receive dividends and other profit distribution in proportion to the number of shares held by them;

(III) to request the holding of, convene, chair, attend or appoint proxy to attend general meetings and exercise corresponding the right to speak and vote in accordance with laws (except in cases where individual shareholders are required to abstain from voting on relevant matters in accordance with the securities regulatory rules of the place where the Company's shares are **[REDACTED]**);

(IV) to supervise the Company's business operations and make recommendations or queries;

(V) transfer, gift or pledge the shares they hold in accordance with the laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the relevant provisions of the relevant regulatory authorities, the stock exchange and the Articles of Association;

(VI) to inspect and copy the Articles of Association, the register of members, minutes of general meetings, resolutions of meetings of the board of directors, and financial accounting reports in accordance with the Company Law, Securities Law, and other laws and administrative regulations;

(VII) to participate in the distribution of the remaining assets of the Company according to the proportion of shares held upon the Company's termination or liquidation;

(VIII) shareholders who object to resolutions of merger or division made by the general meeting may request the Company to purchase the shares they hold;

(IX) other rights stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the relevant regulations of the securities regulatory authorities and stock exchanges in the places where the Company's shares are **[REDACTED]**, or the Articles.

The shareholders of the Company shall have the following obligations:

(I) to abide by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association;

(II) to provide Share capital according to the Shares subscribed for and Share participation methods;

(III) not to return its capital unless prescribed otherwise in laws and regulations;

(IV) not to abuse their shareholders' rights to harm the Company's or other shareholders' interests; not to abuse the independent status of the Company as a legal person or the shareholders' limited liability to harm the interests of the Company's creditors;

(V) to undertake other obligations that should be assumed according to the provisions of the laws and administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the relevant regulatory authorities and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Shareholders of the Company who abuse the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously damage the interests of the creditors of the Company shall bear joint and several liabilities for the debts of the Company.

5. General Provisions for the General meeting

The general meeting of the Company shall be composed of all shareholders. The general meeting is the authority of the Company and shall exercise the following powers in accordance with law:

(I) to elect and replace directors and decide on the matters relating to the remuneration of the relevant directors;

(II) to review and approve the reports of the board of directors;

(III) to consider and approve proposals for profit distribution and recovery of losses of the Company;

(IV) to resolve on the increase or reduction of the registered capital of the Company;

(V) to resolve on the issuance of bonds of the Company;

(VI) resolve on matters related to merger, separation, dissolution, liquidation of the Company or alteration in the form of the Company;

(VII) to amend the Articles of Association;

(VIII) to resolve on the Company's employment and dismissal of the accounting firm that undertakes the company's audit business, as well as the remuneration of the accounting firm;

(IX) to consider and approve the guarantee matters stipulated in the AoA;

(X) to consider and approve matters related to the change of use of the raised fund;

(XI) to consider share incentive schemes and employee stock ownership schemes;

(XII) to consider and approve major transactions, connected transactions, or other transactions that require the approval of the general meeting under laws, regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the provisions of the Articles of Association;

(XIII) to review other matters that, according to laws, administrative regulations, departmental rules, the Hong Kong Listing Rules (including but not limited to Chapter 14 and Chapter 14A of the Hong Kong Listing Rules), other securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the Articles of Association require to be decided by the general meeting.

The general meeting may authorize the Board of Directors to make a resolution on the issuance of corporate bonds. The General Meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months after the end of the previous fiscal year. Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of occurrence of the event:

(I) the number of directors falls short of the quorum stipulated in the Company Law or is less than two-thirds of the number specified in the Articles of Association;

(II) when the uncovered loss reaches one-third of the Company's total paid-in share capital;

(III) when the Shareholders individually or jointly holding more than 10% of the Company's shares requests in writing to do so;

(IV) the Board is of the view that, if necessary;

(V) when the Audit Committee proposes to hold such a meeting;

(VI) other circumstances prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, relevant regulatory authorities, or the Articles of Association.

6. Convening of General Meetings

The Board of Directors shall convene the general meeting on time and within the prescribed period. With the approval of more than half of all independent non-executive directors, the independent non-executive directors shall have the right to propose to the Board of Directors that it calls an extraordinary general meeting. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receipt of the proposal from the independent non-executive directors aforesaid. In the event that the Board of Directors agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within 5 days after the Board of Directors passes the relevant resolution. In the event that the Board of Directors does not agree to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

The Audit Committee shall be entitled to submit a proposal in writing to the Board of Directors on holding an extraordinary general meeting. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary general meeting within ten days upon receipt of the proposal in accordance with laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

Shareholders who individually or jointly hold 10% or more of the company's total issued share capital (excluding the company's treasury shares) may request the Board of Directors to convene an extraordinary general meeting and shall submit such a request to the Board in writing. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary general meeting within ten days upon receipt of the request in accordance with laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

If the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. provided that any change to the proposal made in the notice shall be subject to approval of the proposing shareholder(s).

Where the Board of Directors does not agree to convene an extraordinary general meeting, or does not respond within 10 days after receiving the request, shareholders holding 10% or more of the Company's total issued share capital (excluding the Company's treasury shares) individually or in aggregate shall propose to the Audit Committee to convene an extraordinary general meeting, and shall submit a written request to the Audit Committee. Where otherwise provided by the laws, regulations, departmental rules, Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are **[REDACTED]**, such provisions shall prevail.

If the Audit Committee agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon receipt of the request. Any change made to the original proposal in the notice shall be approved by the relevant shareholders.

If the Audit Committee fails to issue a notice for the meeting within the specified time limit, it shall be deemed that the Audit Committee does not convene and preside over the meeting. In such a case, shareholders who individually or jointly hold 10% or more of the company's total issued share capital (excluding the company's treasury shares) for more than 90 consecutive days may convene and preside over the meeting on their own.

7. Draft resolution and Notice of General Meeting

When the Company convenes a general meeting, the Board of Directors, the Audit Committee, and shareholders holding more than 1% of the Company's total issued share capital (excluding the Company's treasury shares) separately or jointly have the right to submit proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the company's total issued share capital (excluding the company's treasury shares) may submit a temporary proposal in writing to the convener 10 days before the convening of the general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting, announcing the contents of the new proposals, within two days after receiving such proposals, and include the matters in the new proposals that fall within the scope of authorities of the general meeting in the agenda of the meeting and submit the same to the general meeting for deliberation. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, Hong Kong Listing Rules or the Company's Articles of Association, or if it is not within the scope of the general meeting's authority. Prior to the resolution(s) of a Shareholders' general meeting is made, the shareholdings of the shareholders proposing provisional motions shall not be less than 1%. Except as provided in the preceding paragraph, after the convener issues a public notice of the general meeting, conveners shall not amend the proposals or add any new proposals in the notice of the general meeting.

The general meeting shall not vote or resolve on proposals not contained in the notice of the general meeting or not in compliance with the Articles of Association. The convener of a general meeting shall notify each shareholder in writing (including announcement) 20 days before the annual general meeting, and the extraordinary general meeting shall notify each shareholder in writing 15 days before the meeting. Such period does not include the date on which the meeting is held but shall include the date on which the notice of meeting is sent.

8. Convening of General meetings

According to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, all shareholders or their proxies who are duly registered on the record date shall have the right to attend the General meeting and, in accordance with relevant laws, regulations and the Articles of Association, to speak and exercise voting rights at the meeting (unless any shareholder is required under the securities regulatory rules of the place where the Company's shares are **[REDACTED]** to abstain from voting on specific matters).

Individual shareholders attending the meeting in person shall present his or her identity card or other valid license or certificate that can prove his or her identity. Shareholders shall appoint their agents in writing or by submitting the form to the designated electronic address approved by the Directors. The form shall be signed by the appointor or his/her agent appointed in writing or submitted to the designated electronic address or by electronic means. The appointed agent shall attend the meeting, speak and vote, and shall also present his/her valid identification document. Every shareholder is entitled to appoint one or more proxies, but such proxy need not be a shareholder of the Company.

Shareholder that is a legal person shall attend the meeting by its legal representative or by proxies appointed by it. Legal representatives attending the meeting, speaking and voting shall present their identity cards and valid proof of their capacities as legal representatives; Proxies authorized to attend the meeting shall present their personal identity cards and the written power of attorney legally issued by the legal representative of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the Company's shares are **[REDACTED]** or its proxy.

Shareholders of a partnership enterprise shall attend the meeting by the executive partner or the representative appointed by the executive partner, or by the proxies entrusted by the executive partner or the representative appointed by the executive partner to attend, speak and vote. If the executive partner or the representative appointed by the executive partner attends the meeting, he/she shall present his/her own identity card and valid proof that can prove his/her qualification as the executive partner or the representative appointed by the executive partner. If a proxy attends the meeting, the proxy shall present his/her own identity card and a written power of attorney issued by the executive partner of the partnership enterprise or the representative appointed by the executive partner in accordance with the law.

The power of attorney issued by a shareholder to appoint another person to attend a general meeting shall contain the following particulars:

(I) name of the proxy;

(II) the name or designation of the principal and the number of shares represented;

(III) with or without voting rights;

(IV) instructions to vote in favor, against or abstain from voting on each matter included in the agenda of the general meeting;

(V) whether the proxy has the voting right on an extempore proposal that may be added to the agenda of the General meeting, and if yes, the specific instructions as to what vote to cast if the proxy has such right to vote;

(VI) date of issuance of the proxy form and its validity period;

(VII) If there are more than one proxy, the proxy form shall specify the number of shares represented by each proxy;

(VIII) signature (or seal) of the appointing shareholder. If the principal is a legal person shareholder, the power of attorney shall be stamped with the name of the legal entity or signed by a legally authorized person, or submitted at a designated electronic address or by electronic means.

The general meeting shall be presided by the chairman of the Board of Directors. If the chairman is unable or fails to perform his duty, then a director may be nominated by a majority of all the directors to chair the meeting.

If a general meeting is convened by the Audit Committee itself, the convener of the Audit Committee shall preside over the meeting. In the event that the convenor of the Audit Committee is unable to or fails to perform his duties, a member of the Audit Committee jointly elected by more than half of the members thereof shall chair the meeting. A general meeting convened by shareholders on their own shall be chaired by the convenor or a representative elected by the convenor. During the general meeting, if the chairperson of the meeting violates the Articles of Association and the rules of procedure, which makes it impossible for the general meeting to continue, a person may be elected at the general meeting to act as chairman and continue the meeting, subject to the approval of more than half of the attending shareholders having the voting rights.

9. Voting and Resolutions at a General meeting

There shall be two types of resolutions of general meetings, namely ordinary resolutions and special resolutions. Ordinary resolutions of the general meeting shall be passed by over half of the voting rights represented by shareholders' (including proxies) present at the meeting. Special resolutions made on a general meeting must be passed by more than two-thirds of the voting rights held by shareholders (including shareholders' proxies) present at the general meeting.

The following matters shall be approved by the general meeting through ordinary resolutions:

(I) work reports of the Board;

(II) the profit distribution plans and loss recovery plans drafted by the Board of Directors;

(III) appointment or dismissal of the members of the Board of Directors, and their payment and payment methods;

(V) annual report of the Company;

(VI) appointment or dismissal of an accounting firm;

(IX) other matters not required by laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the Articles of Association to be passed by special resolution.

The following matters shall be resolved by a special resolution at a general meeting:

(I) increase or reduction of the Company's registered capital;

(II) the division, merger, dissolution and liquidation (including voluntary winding up) or change in the corporate form of the Company;

(III) the amendment to the Articles of Association and its appendices;

(IV) in the event that the Company provides guarantees in an amount exceeding 30% of the Company's most recently audited total assets within one year, the aforementioned provision shall not apply to guarantees provided by the Company for its subsidiaries, by subsidiaries for the Company, or among subsidiaries;

(V) the share incentive schemes;

(VI) other matters that are stipulated in laws, administrative regulations, the Hong Kong Listing Rules, the Articles of Association, or the securities regulatory rules and requirements of the regulatory body of the place where the Company's shares are **[REDACTED]**, as well as the general meeting of our Shareholders determines by ordinary resolution that they will have a significant impact on the Company and need to be passed by special resolutions.

Except in exceptional circumstances such as a crisis, the Company will not enter into a contract with a person other than a director or senior management personnel to whom the management of the whole or significant part of the business of the Company is entrusted, except with the approval of a special resolution of the general meeting.

BOARD OF DIRECTORS

10. Director

Directors of the Company may include executive directors, non-executive directors and independent non-executive directors. Non-executive directors refer to directors who do not hold operational management positions in the Company.

Directors shall be appointed and replaced by general meetings and may be removed from office by the general meetings before the expiration of their term of office. The term of office shall be three years. Upon expiration of the term, shareholders may nominate the director for re-election in accordance with the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the general meeting may re-elect the director. Such directors may be re-elected for consecutive terms.

Employee representative directors shall be democratically elected or replaced by company employees through the employee representative assembly or other forms, and may be removed from office through the aforementioned methods prior to the expiration of their term. The election, replacement, and removal of employee representative directors shall not require submission to the shareholders' meeting for deliberation.

The general meeting, subject to compliance with the relevant laws, administrative regulations and the provisions of the Hong Kong Listing Rules, may, by ordinary resolution, remove any director (including an executive director) before the expiration of their term of office (but without prejudice to any claim for damages under any contract).

The term of office of a director shall commence from the date on which he assumes his position and end on the expiration of the current session of the Board. If a director is not re-elected in a timely manner upon the expiration of his/her term of office, the original director shall still fulfill his/her duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules, Hong Kong Listing Rules and the Articles of Association until the re-elected director assumes office. Without violating relevant laws, regulations and securities regulatory rules of the place where the Company's shares are **[REDACTED]**, if the board of directors appoints a new director to fill a casual vacancy on the board of directors or to increase the number of directors, the term of office of such director so appointed shall be limited to the period up to the next following annual general meeting of the Company, and he/she shall then be eligible for re-election.

Directors shall comply with the provisions of laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, owe fiduciary duties to the Company, take measures to avoid conflicts of interest between themselves and the Company, and shall not use their powers to seek improper benefits. Directors shall faithfully perform their following obligations to the Company:

(I) not to misappropriate the properties of the Company and misappropriate the funds of the Company;

(II) not to open accounts in which the funds of the Company are deposited in his or her personal name or in the name of other individuals;

(III) not to use their authority to bribe or accept other illegal income;

(IV) without reporting to the Board of Directors or the general meeting, and without being approved by the Board of Directors or the general meeting by way of resolutions in accordance with the provisions of the Articles, not to conclude any contract or enter into any transaction with the Company directly or indirectly;

(V) not to take advantage of his position to obtain business opportunities that should belong to the Company for himself or others, except in any of the following circumstances: It has been reported to the Board or the general meeting and approved by a resolution of the general meeting; According to laws, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association, the Company cannot take advantage of the business opportunity;

(VI) not to operate a business similar to that of the Company for his/her own account or on behalf of others without reporting to the board of directors or the general meeting and approval by a resolution of the general meeting;

(VII) not to receive as their own commission for transactions between others and the Company;

(VIII) not to disclose the Company's confidential information without permission;

(IX) not to use their connected relationship to the detriment of interests of the Company;

(X) other fiduciary duties stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, relevant regulatory authorities, and the Articles.

Income generated by a director from violation of the provisions of this Article shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

Directors shall comply with the laws, administrative regulations and the Articles of Association, diligently perform their obligations to the Company and exercise the reasonable care normally expected of a manager in the best interests of the Company in the performance of their duties. The directors have the following obligations of diligence to the Company:

(I) to exercise the rights conferred by the Company in a prudent, careful and diligent way so as to ensure that the business activities of the Company are in compliance with the PRC laws, administrative regulations and various economic policies of the PRC, and that the business activities do not exceed the business scope specified in the business license of the Company;

(II) to treat all shareholders fairly;

(III) keep abreast of the operation and management of the Company's businesses;

(IV) Shall sign written confirmation on the regular reports of the Company and to ensure the information disclosed by the Company is true, accurate and complete;

(V) to provide all relevant information and materials required by the Audit Committee truthfully and shall not intervene the performance of duties of the Audit Committee;

(VI) other duties of diligence as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

11. Board of Directors

The Company establishes a Board of Directors, which is composed of seven Directors. The Directors of the Company are classified as executive Directors, non-executive Directors, and independent non-executive Directors, including three independent non-executive Directors. The Board of Directors shall have a Chairman and may have a Vice Chairman.

The board of directors shall exercise the following functions and powers:

(I) to convene general meetings and report its work to the general meeting;

(II) to implement the resolutions of general meetings;

(III) to determine the business plans and investment plans of the Company;

(IV) to formulate the Company's profit distribution plans and plans on making up losses;

(V) to formulate proposals for increases or reductions of the company's registered capital and for the issuance and listing of corporate bonds or other securities;

(VI) to formulate plans for the Company's major acquisition, acquisition of the shares of the Company, or merger, division, dissolution or change of corporate form of the Company;

(VII) to determine the matters such as the Company's external investment, acquisition or sale of assets, asset pledge, external guarantee, entrusted wealth management, connected transactions and external donation within the scope authorized by the shareholders' meeting and relevant laws, regulations and normative documents;

(VIII) to decide on establishment of internal management organs of the Company;

(IX) to appoint or dismiss the general manager and other senior management members of the Company, and decide on matters of remuneration, rewards and punishments; to appoint or dismiss senior management such as chief financial officer, head of research and development according to the nomination of the general manager, and decide on matters of remuneration, rewards and punishments;

(X) to formulate the basic management system of the Company;

(XI) to formulate proposed amendments to the Articles of Association;

(XII) to manage information disclosure matters of the Company;

(XIII) to propose the appointment or replacement of an accounting firm that performs audits for the Company at the general meeting;

(XIV) to listen to the work report of the general manager of the Company and examine the general manager's work;

(XV) to develop and review the Company's policies and practices on corporate governance and make recommendations to the shareholders' meeting;

(XVI) to review and monitor the training and continuous professional development of directors and senior management;

(XVII) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(XVIII) to develop, review and monitor the code of conduct and compliance manual(s) (if any) applicable to employees and Directors;

(XIX) to review the Company's compliance with the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules and disclosure in the Corporate Governance Report;

(XX) to review and approve transactions that, pursuant to laws, regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, provisions of relevant regulatory authorities, and the Articles of Association, fall under the purview of the Board for approval;

(XXI) Other matters prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, relevant regulatory authorities, or the Articles of Association.

The board shall appoint a chairperson and may appoint a vice chairperson. The Chairman and Deputy Chairman (if any) shall be elected and removed by a simple majority of directors. The term of office of the chairman shall be three years and eligible for re-election and re-appointment upon expiry.

The chairperson of the board of directors shall exercise the following functions and powers:

(I) to preside over the general meeting and convene and preside over the Board meetings;

(II) to supervise and inspect the implementation of resolutions of the board of directors;

(III) to sign corporate share certificates, corporate bonds and other negotiable securities;

(IV) to sign important documents of the board of directors, and other documents which should be signed by the legal representative of the Company;

(V) in case of emergency circumstances of force majeure events such as extraordinary natural disasters, to exercise special disposal powers in compliance with legal requirements and in the interests of the Company with regard to affairs of the Company and provide post event reports to the Board and the general meeting;

(VI) such other duties and powers granted by the board of directors.

(VII) other powers prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, relevant regulatory authorities, or the Articles of Association.

Board meetings comprised of regular meetings and extraordinary meetings. At least four general meetings shall be held per year, typically once every quarter.

A meeting of the Board of Directors shall not be held unless more than half of the Directors are present. Resolutions of the Board of Directors shall be passed by more than half of all directors.

Resolutions of the Board of Directors are voted by way of poll with each director having one vote.

The board of directors may establish audit, nomination, remuneration, and other special committees, which shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors. Additionally, strategic and other special committees may be established as needed. Proposals of the special committees shall be submitted to the board of directors for deliberation and decision. The working procedures of the special committees shall be formulated by the Board.

The Audit Committee exercises the powers and functions of the Supervisory Committee as stipulated in the Company Law. The Audit Committee shall be responsible for reviewing the company's financial information and its disclosure, overseeing and evaluating internal and external audits and internal controls.

The Audit Committee shall hold at least two regular meetings every year, and may hold an extraordinary meeting when two or more members propose, or when the convener deems it necessary. Audit committee meetings require attendance by at least two-thirds of members to constitute a quorum. The resolutions of the Audit Committee shall be passed by a majority of the members of the Audit Committee.

The Strategic Committee is responsible for researching and making recommendations on the Company's long-term development strategies and major investment decisions.

The Nomination Committee is responsible for formulating the standards and procedures for the selection of directors and Senior Management Members, selecting and reviewing the candidates for directors and Senior Management Members and their qualifications for office.

If the Board of Directors fails to adopt or fully adopt the recommendations of the Nomination Committee, the Board of Directors shall record in its resolution the opinions of the Nomination Committee and the specific reasons for not adopting such opinions, and make corresponding disclosure.

The Remuneration Committee is responsible for formulating the assessment standards for directors and senior management personnel and conducting assessments, formulating and reviewing the remuneration determination mechanism, decision-making procedures, payment and clawback arrangements, and other remuneration policies and plans.

If the Board of Directors does not adopt or fully adopt the recommendations of the Remuneration Committee, the Board of Directors shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for not adopting in a resolution of the Board of Directors, and make corresponding disclosure.

GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

12. General Manager and Other Senior Management

The Company shall have one general manager who shall be appointed or dismissed by the board of directors.

The Company shall have a number of senior management personnel, who shall be appointed or dismissed by the Board.

The general manager, Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Technology Officer (CTO) are senior management members of the Company.

The term of office of the general manager shall be three years, renewable upon reappointment. The general manager may resign before expiry of his/her term of office. The specific procedures and methods for the resignation of the general manager shall be specified in the employment contract concluded by the general manager and the Company.

The general manager shall be accountable to the board of directors and perform the following duties and powers:

(I) to preside over the production and management works of the Company, organize the implementation of resolutions of board of directors and report his/her works to the board of directors;

(II) to organize and implement the Company's annual business plans and investment plans;

(III) to draft plans for the establishment of the Company's internal management organizations;

(IV) to propose and draft the basic management system of the Company;

(V) to formulate the specific rules and regulations of the Company;

(VI) to propose the appointment or dismissal of deputy general manager, board secretary or chief financial officer of the Company by the board of directors;

(VII) to decide the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board;

(VIII) other powers beyond those granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the relevant regulatory authorities, or the Articles of Association, to the general meeting or the board of directors;

(IX) other duties and powers as may be conferred by the Articles of Association or the Board.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION, AND AUDIT

13. Financial Accounting System

The Company shall formulate its financial accounting system in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the provisions of relevant state departments.

When the Company distributes the annual after-tax profits, it shall allocate ten percent of its profits for the statutory surplus fund. Where the accumulated amount of the statutory surplus fund of the Company exceeds fifty percent of its registered capital, further allocation may be dispensed with.

If the statutory reserve of the Company is insufficient to make up for the losses of the previous years, the profits of the current year shall first be used to make up for the said losses before any statutory reserve is allocated as per the provision of the preceding paragraph.

After the Company has withdrawn statutory reserve fund from its profit after tax, it may also withdraw discretionary reserve fund from its profit after tax by resolution of the general meeting.

After making up for the losses and making allocations to the reserve funds, any remaining after-tax profit shall be distributed by the Company to the shareholders in proportion to their respective shareholdings unless otherwise specified in the Articles of Association.

Where the general meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the regulations to the Company; where any loss is caused to the company, the shareholders and the responsible directors and senior management shall be liable for compensation.

The shares held by the Company shall not be entitled to any profit distribution.

The reserves of the Company are used to offset the losses of the Company, expand production and operation or bolster registered capital of the Company.

When the reserve fund is used to make up for the Company's losses, the discretionary reserve fund and statutory reserve fund shall be utilised at first; if still insufficient, the capital reserve fund may be used according to regulations.

When the statutory reserve fund is converted into increased registered capital, the remaining reserve fund shall not be less than 25% of the Company's registered capital prior to the increase.

14. Engagement of Accounting Firms

The Company shall appoint an accounting firm that complies with the securities regulatory rules of the place where the Company's shares are **[REDACTED]** to audit financial reports, verify the net assets, and offer other relevant consulting services. The term of service of an accounting firm engaged by the Company shall be one year, which is renewable.

The Company's engagement and dismissal of an accounting firm shall be decided upon by the general meeting. The Board of Directors shall not appoint any accounting firm prior to a decision made by the general meeting.

NOTICE AND ANNOUNCEMENT

15. Notice and Announcement

Notices of the Company shall be given in the following forms:

(I) by hand;

(II) e-mails or post;

(III) in accordance with the applicable laws, regulations, the Hong Kong Listing Rules and the securities regulatory rules of the place where the shares of the Company are **[REDACTED]**, by announcement on the website of the Company or the websites or newspapers designated by the stock exchange;

(IV) by facsimile or e-mail;

(V) by phone;

(VI) such other forms as the Company or the person to be notified may agree in advance or as the person to be notified may recognise upon receipt of the notice;

(VII) other means approved by laws, regulations, the Hong Kong Listing Rules and regulatory rules of the place where the Company's shares are **[REDACTED]** or stipulated in the Articles of Association.

Regarding the manner in which the Company provides or sends corporate communications to holders of H Shares. In accordance with the Hong Kong Listing Rules and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, subject to compliance with the laws and regulations and the listing rules of the place of **[REDACTED]** as well as the Articles of Association, may be obtained through the Company's designated website and/or the website of the securities exchange where the Company's shares are **[REDACTED]**, or electronically. Corporate communications may be provided or sent to holders of H Shares.

MERGER, DIVISION, INCREASE OF REGISTERED CAPITAL, REDUCTION OF REGISTERED CAPITAL, DISSOLUTION AND LIQUIDATION

16. Merger, Division, Increase of Registered Capital and Reduction of Registered Capital

The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. In the case of merger by absorption, the company being absorbed shall be dissolved. In the case of mergers by new establishment, two or more companies combine together for the establishment of a new company, and the pre-merger companies are dissolved.

In the event of division, assets of the Company shall be divided correspondingly.

In a division of the Company, a balance sheet and a property list shall be prepared. The Company shall notify its creditors within 10 days from the date of making the division resolution, and shall make an announcement within 30 days in newspapers or the National Enterprise Credit Information Publicity System, and according to securities regulatory rules of the place where the Company's shares are **[REDACTED]**, on the Hong Kong Stock Exchange's HKEXnews website (**www.hkexnews.hk**) and the Company's official website.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital.

The Company shall notify creditors within 10 days from the date of making the resolution to reduce the registered capital at the general meeting, and shall make an announcement within 30 days in newspapers or the National Enterprise Credit Information Publicity System, and according to securities regulatory rules of the place where the Company's shares are **[REDACTED]**, on the Hong Kong Stock Exchange's HKEXnews website (**www.hkexnews.hk**) and the Company's official website. Creditors may, within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debt. Where there are additional provisions in the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the relevant parties shall comply with such provisions.

When reducing its registered capital, the Company shall proportionally reduce the capital contributions or shares held by shareholders in accordance with their shareholding ratios, unless otherwise provided by law, the Articles of Association, or otherwise agreed among all shareholders. The registered capital of the Company after the reduction of capital shall not fall below the minimum amount required by law.

Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

17. Dissolution and Liquidation

The Company shall be dissolved under any of the following circumstances:

(I) the term of business provided for in the Articles of Association has expired or any other cause of dissolution provided for in the Articles of Association has occurred;

(II) the general meeting resolves to dissolve;

(III) dissolution is necessary as a result of the merger or division of the Company;

(IV) having its business licence revoked, ordered to be shut down or be deregistered in accordance with the law;

(V) severe difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10 percent of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and publish an announcement within 60 days. The creditors shall declare their creditors' rights to the liquidation team within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive the notification. When declaring his claims, a creditor shall specify the matters in respect of each claim, and provide supporting materials. The liquidation committee shall register the claims. During the period for declaration of creditors' rights, the liquidation team shall not make repayment to creditors.

The remaining properties of the Company, after payment of liquidation expenses, salaries, social insurance costs and statutory compensation of employees, payment of outstanding taxes and settlement of the Company's debts respectively, shall be distributed by the Company in proportion to the shares held by shareholders. The Company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

18. Amendments to Articles of Association

The Company will amend the Articles of Association under any of the following circumstances:

(I) after the revision of the Company Law or any applicable laws, regulations, the Hong Kong Listing Rules or the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, any provision of the Articles of Association contravenes the revised laws, regulations, the Hong Kong Listing Rules or the securities regulatory rules of the place where the Company's shares are **[REDACTED]**;

(II) the Company has experienced changes, resulting in matters inconsistent with those recorded in the Articles of Association;

(III) the general meeting resolves to amend the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of changes shall be dealt with in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on September 17, 2014, and further converted into a joint stock company with limited liability on November 26, 2025. As of the date of this Document, our registered office and head office are located at 1st Floor, Building 3, 58 Jinjia Avenue, Huimin Sub-district, Jiashan County, Jiaxing City, Zhejiang Province, PRC. Accordingly, our Company's corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Summary of Articles of Association of the Company" in Appendix III to this Document.

Our Company has established a principal place of business in Hong Kong SAR at 31/F., Tower Two, Times Square, 1 Matheson Street Causeway Bay, Hong Kong. We were registered with the Registrar of Companies in Hong Kong SAR as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 19, 2025. Ms. Ye Jiahong, one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of the service of process on behalf of our Company in Hong Kong SAR. The address for the service of process is the same as our principal place of business in Hong Kong SAR.

2. Changes in Share Capital of Our Company

As of the date of our establishment, our registered capital was RMB60,000,000. On November 26, 2025, our Company was converted into a joint stock company with limited liability under the Company Law. Upon completion of such conversion, the share capital of our Company was RMB106,826,031 divided into 106,826,031 Shares with a nominal value of RMB1.0 each. On April 12, 2024, the registered capital of our Company increased from RMB102,374,946 to RMB106,826,031. Assuming the **[REDACTED]** is not exercised, upon completion of the **[REDACTED]**, our share capital will be increased to **[REDACTED]**, made up of **[REDACTED]** H Shares fully paid up or credited as fully paid up, representing approximately **[REDACTED]** of our share capital. Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this Document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in 1 to the Accountant's Report as set out in Appendix I to this Document.

The following sets out the changes in share capital of our subsidiaries during the two years immediately preceding the date of this Document:

On July 22, 2025, Xinsikao (Shanghai) Technology Co., Ltd.* (芯思考(上海)技術有限公司) was established in the PRC with an initial registered capital of RMB1,000,000.

On September 17, 2025, New Shicoh Motor (Shenzhen) Co., Ltd.* (新思考電機(深圳)有限公司) was established in the PRC with an initial registered capital of RMB1,000,000.

On November 6, 2025, New Shicoh Motor (Dongguan) Co., Ltd.* (新思考電機(東莞)有限公司) was established in the PRC with an initial registered capital of RMB1,000,000.

On November 11, 2025, New Shicoh Motor (Nanchang) Co., Ltd.* (新思考電機(南昌)有限公司) was established in the PRC with an initial registered capital of RMB1,000,000.

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

4. Resolutions of Our Shareholders in Relation to the [REDACTED]

At the general meeting of our Company held on December 15, 2025, among other things, the following resolutions were passed by the Shareholders:

(i) the issuance by our Company of H Shares of the nominal value of RMB1.0 each and such H Shares be **[REDACTED]** on the Stock Exchange;

(ii) the number of H Shares to be issued pursuant to the **[REDACTED]** shall be no more than 25% of the issued share capital of the Company (before the exercise of the Over-allotment Option);

(iii) subject to the completion of filing with the CSRC, upon completion of the **[REDACTED]**, **[REDACTED]** Unlisted Shares in aggregate held by our Shareholders will be converted into H Shares on a one-for-one basis;

(iv) subject to the completion of the **[REDACTED]**, the conditional adoption of the Articles of Association, which shall become effective on the **[REDACTED]**, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and other relevant regulatory authorities;

(v) authorization of the Board and its authorized persons to amend the resolutions in accordance with the requirements of competent regulatory authorities, and deal with the specific implementation; and

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

5. Restriction on Share Repurchases

For details of the restrictions on the share repurchase by our Company, please refer to "Summary of the Articles of Association of the Company" in Appendix III to this Document.

6. Corporate Reorganization

We have not gone through any corporate reorganization for the purpose of the **[REDACTED]**. For details of the history and development of our Company, see "History, Development and Corporate Structure."

7. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this Document and are or may be material:

(a) the **[REDACTED]**.

8. Intellectual Property Rights of Our Group

(a) Patents

(i) Registered Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Application Date	Expiry Date
1.	Lens drive device, camera and camera-equipped mobile phone (レンズ駆動装置、カメラ及びカメラ付き携帯電話)	New Shicoh Japan	Japan	JP2007115525	Invention	April 25, 2007	April 25, 2027
2.	Lens driving apparatus	Company	United States of America	US12/853559	Invention	August 10, 2010	January 31, 2028
3.	Lens Drive Unit, Camera-Equipped Mobile Phone, and Mobile Phone with Camera Function (透鏡驅動裝置、照相功能機及附帶照相功能的手機)	Company	China	2010105280621	Invention	October 20, 2010	October 20, 2030
4.	Linear Drive Unit (直線驅動裝置)	Company	China	2010105378672	Invention	October 27, 2010	October 27, 2030
5.	Motor, Oil-Impregnated Bearing, and Method for Manufacturing (馬達、含油軸承及其製造方法)	Company	China	2010105615841	Invention	November 25, 2010	November 25, 2030
6.	Fan Motors and Electronic Devices (風扇馬達以及電子設備)	Company	China	2011103768743	Invention	November 23, 2011	November 23, 2031
7.	Lens Drive Unit, Autofocus Camera, and Mobile Terminal with Camera (透鏡驅動裝置、自動對焦照相機及附帶照相機的移動終端)	Company	China	2012101895255	Invention	June 8, 2012	June 8, 2032
8.	Lens Drive Unit, Autofocus Camera, and Mobile Terminal with Camera (透鏡驅動裝置、自動對焦照相機及附帶照相機的移動終端)	Company	China	2014105934455	Invention	June 11, 2012	June 11, 2032
9.	Lens Drive Unit, Imaging Device, and Electronic Equipment (透鏡驅動裝置、照相裝置以及電子設備)	Company	China	2017113365341	Invention	December 14, 2017	December 14, 2037
10.	Lens Drive Device, Camera Device, Electronic Equipment, and Methods for Manufacturing (透鏡驅動裝置、照相機裝置、電子設備及這些的製造方法)	Company	China	2018107554410	Invention	July 10, 2018	July 10, 2038
11.	Lens Drive Unit, Imaging Device, and Electronic Equipment (透鏡驅動裝置、照相機裝置以及電子設備)	Company	China	2018111814590	Invention	October 11, 2018	October 11, 2038

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Application Date	Expiry Date
12.	Lens Drive Unit, Imaging Device, and Electronic Equipment (透鏡驅動裝置、照相裝置與電子設備)	Company	China	2018112293849	Invention	October 22, 2018	October 22, 2038
13.	Lens Drive Unit, Imaging Device, and Electronic Equipment (透鏡驅動裝置、照相裝置與電子設備)	Company	China	2018115442046	Invention	December 17, 2018	December 17, 2038
14.	Variable Aperture Device and Photographic Apparatus and Electronic Equipment Thereof (可變光圈裝置及其照相裝置和電子設備)	Company	China	2019101451006	Invention	February 27, 2019	February 27, 2039
15.	Drive Unit, Camera Module, Electronic Device, and Assembly Method for Drive Unit (驅動裝置、相機模組、電子設備及驅動裝置組裝方法)	Company	China	2019102077829	Invention	March 19, 2019	March 19, 2039
16.	Optical Component Drive Units, Camera Units, and Electronic Equipment (光學元件驅動裝置、照相機裝置以及電子設備)	Company	China	2019107027934	Invention	July 31, 2019	July 31, 2039
17.	Lens Drive Unit, Imaging Device, and Electronic Equipment (透鏡驅動裝置、照相裝置以及電子設備)	Company	China	2019108375145	Invention	September 5, 2019	September 5, 2039
18.	Actuator, Camera Module, and Camera Mounting Device (致動器、照相機模塊以及照相機搭載裝置)	Company	China	2019108839506	Invention	September 18, 2019	September 18, 2039
19.	Photographic Apparatus, Electronic Equipment, and Devices for Supplying Power to Imaging Elements (照相裝置、電子設備及其給攝像元件供電的裝置)	Company	China	2019109673974	Invention	October 12, 2019	October 12, 2039
20.	Optical Component Drive Devices, Camera Devices, and Electronic Equipment (光學部件驅動裝置、照相機裝置以及電子設備)	Company	China	2019112217816	Invention	December 3, 2019	December 3, 2039
21.	A Lens Drive Device and a Base (一種鏡頭驅動裝置及底座)	Company	China	2019113698071	Invention	December 26, 2019	December 26, 2039
22.	A Snap-Fit Motor Housing Anti-Detachment Structure, Voice Coil Motor, and Electronic Device (一種嵌合式馬達外殼防脫落結構、音圈馬達以及電子設備)	Company	China	2020100219599	Invention	January 9, 2020	January 9, 2040
23.	A Five-Axis OIS Voice Coil Motor, Imaging Device, and Electronic Device (一種五軸OIS 結構的音圈馬達、照相裝置及電子設備)	Company	China	2020201330940	Utility model	January 21, 2020	January 21, 2030

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Application Date	Expiry Date
24.	Lens Driving Device, Camera Device, and Electronic Equipment (透鏡驅動裝置、照相機裝置以及電子設備)	Company	China	2020102573253	Invention	April 3, 2020	April 3, 2040
25.	Piezoelectric Ceramic Actuator Clamping Structure, Linear Drive Device, and Periscope Lens (壓電陶瓷驅動器夾持結構、線性驅動裝置及潛望式鏡頭)	Company	China	2020103252902	Invention	April 23, 2020	April 23, 2040
26.	Lens Driving Device, Camera Device, and Electronic Equipment (透鏡驅動裝置、照相機裝置以及電子設備)	Company	China	2020104472454	Invention	May 25, 2020	May 25, 2040
27.	OIS Motor Anti-Damping Glue Protection Structure, OIS Motor, Imaging Device, and Electronic Product (OIS 馬達防阻尼膠防護結構、OIS 馬達、照相裝置、電子產品)	Company	China	2020105292410	Invention	June 11, 2020	June 11, 2040
28.	A Lens Driving Device, an Imaging Device, and an Electronic Product (一種透鏡驅動裝置、照相裝置、電子產品)	Company	China	202010755991X	Invention	July 31, 2020	July 31, 2040
29.	A Lens Driving Structure and an Assembly Method (一種透鏡驅動結構及其組裝方法)	Company	China	202010837020X	Invention	August 19, 2020	August 19, 2040
30.	Optical Component Drive Device, Camera Device, and Electronic Equipment (光學部件驅動裝置、照相機裝置以及電子設備)	Company	China	2020109037882	Invention	September 1, 2020	September 1, 2040
31.	Optical component drive unit, camera unit and electronic equipment (光學部件驅動裝置、照相機裝置以及電子設備)	Company	China	2020109054854	Invention	September 1, 2020	September 1, 2040
32.	Lens Driving Mechanism, Lens Driving Device, Imaging Device, Electronic Equipment (透鏡驅動機構、透鏡驅動裝置、照相裝置、電子設備)	Company	China	202010940403X	Invention	September 9, 2020	September 9, 2040
33.	Optical Component Drive Device, Camera Device, and Electronic Equipment (光學部件驅動裝置、照相機裝置以及電子設備)	Company	China	2020109986577	Invention	September 22, 2020	September 22, 2040
34.	Lens Driving Device, Imaging Device, and Electronic Equipment (透鏡驅動裝置、照相裝置以及電子設備)	Company	China	2020112680567	Invention	November 13, 2020	November 13, 2040

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Application Date	Expiry Date
35.	Lens Driving Device, Imaging Device, and Electronic Equipment (透鏡驅動裝置、照相裝置及電子設備)	Company	China	2020113437623	Invention	November 26, 2020	November 26, 2040
36.	Manufacturing methods for drive devices, photographic devices, electronic devices, and base stations (驅動裝置、照相裝置以及電子設備、基台的製造方法)	Company	China	2020115657524	Invention	December 25, 2020	December 25, 2040
37.	Lens Driving Device, Camera Device, and Electronic Equipment (透鏡驅動裝置、照相機裝置以及電子設備)	Company	China	2020116057382	Invention	December 29, 2020	December 29, 2040
38.	Drive Device, Camera Module, and Electronic Device (驅動裝置、攝像模組及電子設備)	Company	China	2021101841748	Invention	February 10, 2021	February 10, 2041
39.	Connection Structure, Optical Image Stabilization Module, Imaging Device, and Electronic Product (連接結構、光學防抖模塊、照相裝置、電子產品)	Company	China	2021102388628	Invention	March 4, 2021	March 4, 2041
40.	Drive Assembly, Voice Coil Motor, Camera Module, and Electronic Device (驅動組件、音圈馬達、攝像模組及電子設備)	Company	China	2021102473870	Invention	March 5, 2021	March 5, 2041
41.	A Flexible Printed Circuit Assembly, Drive Device, Camera Module, and Electronic Device (一種柔性電路板組件、驅動裝置、攝像模組及電子設備)	Company	China	2021102706870	Invention	March 12, 2021	March 12, 2041
42.	A Flexible Printed Circuit Assembly, a Drive Device, a Camera Module, and an Electronic Product (一種柔性電路板組件、驅動裝置、攝像模組及電子產品)	Company	China	2021103261075	Invention	March 26, 2021	March 26, 2041
43.	Permanent Magnet Stepper Motor and Electronic Device (永磁步進電機及電子設備)	Company	China	2021103468808	Invention	March 31, 2021	March 31, 2041
44.	Lens Driving Device, Camera Device, and Electronic Equipment (透鏡驅動裝置、照相機裝置以及電子設備)	Company	China	2021103825720	Invention	April 9, 2021	April 9, 2041
45.	Optical Component Drive Mechanism, Imaging Device, and Electronic Equipment (光學部件驅動機構和攝像裝置及電子設備)	Company	China	202110433877X	Invention	April 22, 2021	April 22, 2041

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Application Date	Expiry Date
46.	Optical Image Stabilization Elastic Support Mechanism, Stabilization and Lens Driving Device, Imaging Device, and Electronic Equipment (光學防抖彈性支撐機構、防抖和透鏡驅動裝置及攝像裝置、電子設備)	Company	China	202110470286X	Invention	April 28, 2021	April 28, 2041
47.	Blade drive unit, camera unit and electronic equipment (葉片驅動裝置、照相機裝置以及電子設備)	Company	China	2021107014908	Invention	June 23, 2021	June 23, 2041
48.	Lens Driving Device, Imaging Device, and Electronic Equipment (透鏡驅動裝置、照相裝置及電子設備)	Company	China	202110724902X	Invention	June 29, 2021	June 29, 2041
49.	Anti-Shake Mechanism, Prism Driver, Imaging Device, and Electronic Device (防抖機構、稜鏡驅動、攝像裝置及電子設備)	Company	China	2021108101091	Invention	July 18, 2021	July 18, 2041
50.	Image Sensor Drive Device, Camera Device, and Electronic Equipment (圖像傳感器驅動裝置、照相機裝置及電子設備)	Company	China	2021111174543	Invention	September 23, 2021	September 23, 2041
51.	Circuit-Integrated Anti-Shake Planar Moving Frame, Lens Drive Device, and Imaging Device (帶電路防抖平面動框、透鏡驅動裝置和攝像裝置)	Company	China	2021111187577	Invention	September 24, 2021	September 24, 2041
52.	Lens Drive Device and Imaging Device (透鏡驅動裝置和攝像裝置)	Company	China	2021114843281	Invention	December 7, 2021	December 7, 2041
53.	Focusing Moving Frame Locking Mechanism, Lens Drive Device, and Imaging Equipment (對焦動框鎖止機構、透鏡驅動裝置及攝像設備)	Company	China	2022100865877	Invention	January 25, 2022	January 25, 2042
54.	Lens driving device, camera device and electronic equipment (透鏡驅動裝置、照相機裝置及電子設備)	Company	China	2022102250472	Invention	March 9, 2022	March 9, 2042
55.	Internal Focusing and Anti-Shake Drive Device, Imaging Device, and Electronic Equipment (內對焦兼防抖的驅動裝置、攝像裝置和電子設備)	New Shicoh Hefei	China	2022102653219	Invention	March 17, 2022	March 17, 2042
56.	Stepping Motor for Lens Driving, Method, Lens Drive Device, and Imaging Equipment (透鏡驅動用步進電機、方法、透鏡驅動裝置及攝像設備)	Company	China	2022103406971	Invention	April 2, 2022	April 2, 2042
57.	Lens Drive Base, Device, and Imaging Equipment (透鏡驅動底座、裝置及攝像設備)	Company	China	2022215435769	Utility model	June 20, 2022	June 20, 2032

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Application Date	Expiry Date
58.	Optical Image Stabilization Correction Method, Lens Drive Device, and Imaging Equipment (光學防抖糾偏方法、透鏡驅動裝置及攝像設備)	Company	China	2022106994956	Invention	June 20, 2022	June 20, 2042
59.	Drive Mechanism, Lens Drive Device, and Imaging Equipment (驅動機構、透鏡驅動裝置及攝像設備)	Company	China	2022108248033	Invention	July 14, 2022	July 14, 2042
60.	Lens driving device, camera device and electronic device (レンズ駆動装置、カメラ装置及び電子機器)	Company	Japan	JP2023060305	Invention	April 3, 2023	April 3, 2043
61.	Drive unit, camera module and electronic equipment (驅動裝置、攝像模組及電子設備)	Company	China	2023107504215	Invention	June 25, 2023	June 25, 2043
62.	Lens Drive Carrier and Housing Connection Structure, Device, Module, and Electronic Equipment (透鏡驅動載體和外殼連接結構、裝置、模組及電子設備)	Company	China	2023216323642	Utility model	June 26, 2023	June 26, 2033
63.	Drive Device, Camera Module, and Electronic Device (驅動裝置、攝像模組及電子設備)	Company	China	2024212472322	Utility model	June 3, 2024	June 3, 2034
64.	Prism Drive Mechanism and Camera Module (稜鏡驅動機構及攝像模組)	Company	China	2024216832079	Utility model	July 16, 2024	July 16, 2034
65.	Guide Mechanism, Periscope Lens Drive Device, and Camera Module (導向機構、潛望式透鏡驅動裝置及攝像模組)	Company	China	2024227529075	Utility model	November 12, 2024	November 12, 2034
66.	Drive unit, periscope drive unit and camera module (驅動裝置、潛望驅動裝置及攝像模組)	Company	China	2024232335309	Utility model	December 26, 2024	December 26, 2034

(b) Trademarks

(i) Registered Trademarks

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

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Registration Date	Expiry Date
1.	新思考	China	30398163	Company	12	February 14, 2019	February 13, 2029

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Registration Date	Expiry Date
2.	NEW SHICOH	China	30401629	Company	7	March 7, 2019	March 6, 2029
3.	新思考	China	30391213	Company	9	May 7, 2019	May 6, 2029
4.	NEW SHICOH	China	30384064	Company	10	February 28, 2019	February 27, 2029
5.	NEW SHICOH	China	30401637	Company	9	March 7, 2019	March 6, 2029
6.	新思考	China	30380368	Company	10	February 14, 2019	February 13, 2029
7.	新思考	China	30391205	Company	7	March 14, 2019	March 13, 2029
8.	NEW SHICOH	China	30405888	Company	12	February 14, 2019	February 13, 2029
9.	SHICOH	China	21861721	Company	9	December 28, 2017	December 27, 2027
10.	SHICOH	China	21861943	Company	12	December 28, 2017	December 27, 2027
11.	SHICOH	China	21861900	Company	10	December 28, 2017	December 27, 2027
12.	SHICOH	China	21861838	Company	7	December 28, 2017	December 27, 2027
13.	SHICOH	China	15529387	Company	12	September 7, 2016	September 6, 2026

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Registration Date	Expiry Date
14.	SHICOH	China	15529390	Company	7	December 7, 2015	December 6, 2035
15.	New Shicoh Technology Co., Ltd. SHICOH	China	15529395	Company	12	December 7, 2015	December 6, 2035
16.	SHICOH	China	15529388	Company	10	December 7, 2015	December 6, 2035
17.	思考	China	15529393	Company	9	February 7, 2016	February 6, 2036
18.	New Shicoh Technology Co., Ltd. SHICOH	China	15529396	Company	10	December 7, 2015	December 6, 2035
19.	思考	China	15529394	Company	7	December 7, 2015	December 6, 2035
20.	New Shicoh Technology Co., Ltd. SHICOH	China	15529397	Company	9	December 7, 2015	December 6, 2035
21.	SHICOH	China	15529389	Company	9	December 7, 2015	December 6, 2035
22.	思考	China	15529391	Company	12	December 7, 2015	December 6, 2035
23.	New Shicoh Technology Co., Ltd. SHICOH	China	15529398	Company	7	December 7, 2015	December 6, 2035
24.	SHICOH	China	5015770	Company	12	October 21, 2018	October 20, 2028

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Registration Date	Expiry Date
25.		China	5015771	Company	10	October 21, 2018	October 20, 2028
26.		China	4281525	Company	9	February 28, 2017	February 27, 2027
27.		China	4281526	Company	7	February 28, 2017	February 27, 2027
28.		Hong Kong	307128559	Company	16	December 16, 2025	December 15, 2035

(c) Copyrights

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following copyrights which we consider to be or may be material to our business:

No.	Copyright Name	Registered Owner	Registration Number	Registration Date	Place of Registration
1.	New Shicoh Brand Identity (新思考品牌標識)	Company	2019-F-00833975	August 6, 2019	China

(d) Domain Names

As of the Latest Practicable Date, we had registered and maintained ownership to the following domain names in China which we consider to be or may be material to our business:

No.	Domain	Registered Owner	Registration Date	Expiry Date
1.	shicoh.com	Company	June 12, 2000	June 13, 2028
2.	new-shicoh.com	Company	September 17, 2013	September 17, 2028

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

B. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(i) Disclosure of Interests

Saved as disclosed below, immediately following completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (assuming that the **[REDACTED]** is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any 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 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 recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

		As of the Latest Practicable Date and immediately prior to [REDACTED]			Shares held immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Name	Positions	Nature of Interest[1]	Number of Unlisted Shares	Approximately percentage of shareholding in our total share capital	Number of H Shares	% of shareholding in the H Shares[2]	% of shareholding in the total issued share capital of our Company[2]
Mr. Cai	Director	Beneficial owner	10,553,846	9.88%	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation[3]	50,301,266	47.09%	[REDACTED]	[REDACTED]	[REDACTED]
Dr. Cai	Director	Beneficial owner	8,016,497	7.50%	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation[3]	52,838,615	49.46%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** H Shares in issue immediately upon completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised).

(3) Mr. Cai is the general partner of Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou and held approximately 97.31%, 15.08% and 1.13% of the equity interests in Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou, respectively. Dr. Cai held 100% of the equity interests in Shenzhen Hezheng.

Pursuant to an acting-in-concert agreement entered into among Dr. Cai, Shenzhen Hezheng, Mr. Cai and Shenzhen Changxin (together, the "**Concert Parties**") dated November 5, 2024, all the Concert Parties confirmed and agreed to act in concert by aligning their votes at the Board and/or the shareholders' meetings of our Company by following the decisions of Dr. Cai. Therefore, each of Dr. Cai and Mr. Cai is deemed to be interested in the Shares held by Dr. Cai, Shenzhen Hezheng, Mr. Cai, Shenzhen Changxin, Jiashan Changxin and Hefei Jiatou, respectively, in our Company by virtue of the SFO.

(ii) Particulars of Service Contracts

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service agreements are: (a) each of the agreements is for a term of approximately three years until September 19, 2028 following their respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(iii) Directors' Remuneration

For details of the Directors' remuneration, see "Directors and Senior Management – Remuneration of Directors" and Note 8 to the Accountants' Report as set out in Appendix I to this Document.

2. Substantial Shareholders

(i) Interest in the Shares of Our Company

For information on the persons who will, immediately following the completion of the **[REDACTED]**, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any meeting of our Company, see "Substantial Shareholders."

Save as disclosed in the section headed "Substantial Shareholders" in this Document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the **[REDACTED]**, having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

(ii) Interest in the Shares of Our Company's Subsidiaries

As of the Latest Practicable Date, so far as our Directors are aware, no person (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group.

3. Disclaimers

(i) Save as disclosed in "History, Development and Corporate Structure" and this Appendix, none of our Directors or any of the parties listed in "– D. Other Information – 7. Qualifications and Consents of Experts" in this section:

(a) is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(b) is materially interested in any contract or arrangement subsisting at the date of this Document that is significant in relation to our business;

(ii) Save as disclosed in this Appendix and in connection with the **[REDACTED]**, none of the parties listed in "– D. Other Information – 7. Qualifications and Consents of Experts" in this section:

(a) is interested legally or beneficially in any Shares in any member of our Group; or

(b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(iii) Save as disclosed in this Document in respect of OFILM, an associate of Dr. Cai, being one of our top five customers, none of our Directors or their close associates or any Shareholders of our Company who, to the knowledge of our Directors, owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(iv) Save as disclosed in "Substantial Shareholders," none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are **[REDACTED]** on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

C. PRE-[REDACTED] EMPLOYEE INCENTIVE PLATFORMS

The following is a summary of the principal terms of the partnership agreements ("**Partnership Agreements**") of the Employee Incentive Platforms. The terms of the Employee Incentive Platforms are not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Incentive Platforms do not involve the issuance of new Shares or grant of awards by the Company after the **[REDACTED]**.

Under the Partnership Agreements, Eligible Participants (as defined below) were granted partnership interests ("**Awards**") through employee incentive platforms, namely Jiashan Changxin and Hefei Jiatou, which had, in turn, subscribed for 3,615,969 Shares and 883,837 Shares, representing approximately 3.38% and 0.83% of our total issued Shares, respectively, as of the Latest Practicable Date.

1. Purpose

The purpose of the Employee Incentive Platforms is to enhance the Company's incentive mechanisms and establish a robust long-term motivation and constraint framework. The plan aims to strengthen employees' commitment to the Company's sustainable growth, incentivize the enthusiasm and creativity of employees, align the interests of employees with the Company's long-term development, and to promote better development of the Company.

2. Form of the Employee Incentive Platforms

The grantees, as limited partners of the Employee Incentive Platforms, shall subscribe for partnership interest therein according to the amount approved by the general partner of the respective Platform, and make the corresponding contribution, thereby holding indirect interest in the Shares.

3. Eligible Participants

Persons eligible to participate in the Employee Incentive Platforms are the directors, senior and middle level management personnel, and core technical personnel in their positions of the Company and its subsidiaries who have made significant contribution or had a major impact on the overall performance and mid-to long term development of the Company (individually and collectively, the "**Eligible Participant(s)**").

4. Total Number and Subscription Price of the Award

The grantees made an aggregate subscribed capital contribution of RMB14,210,758.17 and RMB3,473,479.41 into the Employee Incentive Platforms, Jiashan Changxin and Hefei Jiatou, respectively, which had, in turn, subscribed for 3,615,969 and 883,837 Shares, respectively. The average subscription price per each corresponding Share underlying the Awards granted was approximately RMB3.93 per Share.

5. Term

The Employee Incentive Platforms shall take effective from the date of the relevant partnership agreements, and terminate upon the occurrence of any of the following events, among others:

(i) All partners make an unanimous decision to wind-up the Employee Incentive Platforms;

(ii) The purpose stipulated in the partnership agreement has been achieved or is unable to achieved;

(iii) The business license has been revoked, or the partnership has been dissolved according to laws; or

(iv) Termination of the Employee Incentive Platforms as required by applicable laws and regulations.

6. Lock-up Period

The limited partnership interests are subject to a lock-up period of five years from the Grant Date or until the Company's successful **[REDACTED]** on a Chinese securities market (whichever is later). During the lock-up period, no grantees may dispose of their partnership interests without the prior written consent of the general partner of Jiashan Changxin or Hefei Jiatou.

7. Administration

The general partner is responsible for reviewing and approving the implementation, operations, planning and financial aspects of the Employee Incentive Platforms, ensuring that the Employee Incentive Platforms aligns with the Company's strategic objectives and complies with applicable laws and regulations.

The general partner of the Employee Incentive Platforms is responsible for carrying Employee Incentive Platforms out other related matters of the Employee Incentive Platforms.

8. Transfer Restrictions

The limited partnership interests shall not be transferred, wholly or in part, without the prior consent of the general partner, Mr. Cai.

9. Details of the Grantees

As of the Latest Practicable Date, Awards corresponded to a total of 4,499,806 Shares, representing approximately 4.21% of our total issued Shares, have been granted to the Eligible Participants under the Employee Incentive Platforms. All limited partners of Jiashan Changxin and Heifei Jiatou are current employees of the Group.

No Shares will be further granted after the **[REDACTED]** pursuant to the Partnership Agreements. Details of the Awards granted to Directors, senior management and management of our Company under the Partnership Agreements are set out below as at the Latest Practicable Date:

(i) Jiashan Changxin

Name	Position	Approximate partnership interests in Jiashan Changxin as of the Latest Practicable Date	Approximate number of Shares corresponding to the awards held by Jiashan Changxin[1]	Approximate shareholding percentage corresponding to the awards held by Jiashan Changxin in the total number of Shares in issue immediately prior to the [REDACTED][2]
Mr. Cai	Executive Director	15.08%	545,193	0.51%
Mr. Zhao Wei	Executive Director	29.24%	1,057,185	0.99%
Mr. Wang Zaiwei	Executive Director	4.92%	178,043	0.17%
Mr. Wu Yang (伍揚)	Senior Management	2.77%	100,000	0.09%
Mr. Xu Fangmin	Management	3.25%	117,562	0.11%
Mr. Wei Hua	Management	1.94%	70,000	0.07%
Subtotal	/	57.19%	2,067,983	1.94%
Other 30 employees	/	42.81%	1,547,986	1.45%
Total	**/**	**100%**	**3,615,969**	**3.38%**

(ii) Hefei Jiatou

Name	Position	Approximate partnership interests in Hefei Jiatou as of the Latest Practicable Date	Approximate number of Shares corresponding to the awards held by Hefei Jiatou[3]	Approximate shareholding percentage corresponding to the awards held by Hefei Jiatou in the total number of Shares in issue immediately prior to the [REDACTED][2]
Mr. Cai	Executive Director	1.13%	10,000	0.01%
Mr. Zhao Wei	Executive Director	56.65%	500,656	0.47%
Mr. Wang Ke	Management	22.78%	201,343	0.19%
Subtotal	/	80.56%	711,999	0.67%
Other 10 employees	/	19.44%	171,838	0.16%
Total	**/**	**100%**	**883,837**	**0.83%**

Notes:

(1) For illustrating the indirect interests of grantees in the Shares, the number of Shares are presented and calculated by multiplying their respective percentage of limited partnership interests in Jiashan Changxin by the total number of Shares held by Jiashan Changxin.

(2) All the Unlisted Shares held by Jiashan Changxin and Hefei Jiatou will be converted into H Shares, subject to the relevant regulatory approvals and registration.

(3) For illustrating the indirect interests of grantees in the Shares, the number of Shares are presented and calculated by multiplying their respective percentage of limited partnership interests in Hefei Jiatou by the total number of Shares held by Hefei Jiatou.

All Awards granted had been vested and all partnership interests in the Employee Incentive Platforms have been subscribed by the grantees. No further Awards will be granted after the date of this Document and the Employee Incentive Platforms will not cause any dilution of the shareholding of our Shareholders after the **[REDACTED]**.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, save as disclosed in the Document, we were not engaged in any litigation, arbitration or claim of material importance and no litigation arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our financial condition or results of operations.

3. The Joint Sponsors

The Joint Sponsors has made an application on behalf of our Company to the Listing Committee for the **[REDACTED]** of, and permission to **[REDACTED]**, the H Shares to be converted from Unlisted Shares and the H Shares to be issued pursuant to the **[REDACTED]**. All necessary arrangements have been made to enable our H Shares to be admitted into CCASS.

As of the Latest Practicable Date (i) our Company was owned as to approximately 4.84% by CICC Generation Fund I, whose general partner is CICC Capital Operation Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**"), and approximately 2.08% by Lianjin Innovation, the general partner of which is Lianjin Private Equity Venture Capital Fund Management (Shenzhen) Co., Ltd. (聯金私募股權創業投資基金管理(深圳)有限公司), which is in turned owned as to 51% by CICC Capital, and (ii) CICC Capital and China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) ("**CICC HK**") are both wholly owned subsidiaries of China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Stock Exchange (stock code: 3908) and the Shanghai Stock Exchange (stock code: 601995). Accordingly, CICC HK does not satisfy the independence criteria applicable to sponsors under Rule 3A.07 of the Listing Rules on the ground that the members of the sponsor group (as defined in the Listing Rules) of CICC HK indirectly held more than 5% of the total issued Shares as contemplated under Rule 3A.07(1) of the Listing Rules as of the Latest Practicable Date. Huatai Financial Holdings (Hong Kong) Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US$1,200,000 for acting as the sponsors for the **[REDACTED]**.

4. Compliance Advisor

Our Company has appointed Innovax Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

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

6. Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong SAR stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong SAR stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

7. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

Name	Qualifications
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Grandall Law Firm (Shanghai)	PRC Legal Advisor
King & Wood	International Sanction Legal Adviser
Frost & Sullivan	Industry Consultant
Ernst & Young	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

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

Each of the experts referred to above has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respectively included.

8. Promoters

The promoters of our Company are all of the then Shareholders as of November 26, 2025, immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoters named above in connection with the **[REDACTED]** and the related transactions described in this Document.

9. Bilingual Document

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

10. Binding Effect

This Document shall have the effect, if an application is made in pursuance of this Document, 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 in so far as applicable.

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, trading position or prospects since April 30, 2026 being the date of our combined financial statements as set out in "Accountants' Report" in Appendix I to this Document up to the date of this Document.

12. Miscellaneous

(i) Save as disclosed in the Document, within the two years immediately preceding the date of this Document:

(a) no share or loan capital of our Company or any of its subsidiaries has been issued nor agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any Share or loan capital of our Company or any of our subsidiaries;

(c) no Share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option; and

(d) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any share in our Company or any of our subsidiaries;

(ii) We have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(iii) There are no arrangements under which future dividends are waived or agreed to be waived;

(iv) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(v) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this Document;

(vi) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong SAR from outside Hong Kong SAR;

(vii) No part of the equity or debt securities of our Company or any member of our Group, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such **[REDACTED]** or permission to **[REDACTED]** on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and

(viii) Our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong SAR for registration were:

(a) a copy of each of the material contracts referred to in the sub-section headed "Appendix IV – Statutory and General Information – A. Further Information about Our Group – 7. Summary of Material Contracts"; and

(b) the written consents referred to in the sub-section headed "Appendix IV – Statutory and General Information – D. Other Information – 7. Qualifications and Consents of Experts".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.new-shicoh.com** up to and including the date which is 14 days from the date of this Document:

(a) the Articles of Association of the Company;

(b) the Accountant's Report in respect of the historical financial information of our Group for the three years ended December 31, 2025, the text of which is set out in "Appendix I – Accountant's Report" to this Document;

(c) the report on the unaudited **[REDACTED]** financial information of our Group from Ernst & Young, the text of which is set out in "Appendix II – Unaudited **[REDACTED]** Financial Information" to this Document;

(d) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;

(e) 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;

(f) the PRC legal opinions issued by Grandall Law Firm (Shanghai), our PRC Legal Advisor, in respect of certain aspects of our Group;

(g) the legal memorandum issued by King & Wood, the International Sanction Legal Adviser as to international sanction laws;

(h) the material contracts referred to in the sub-section headed "Appendix IV – Statutory and General Information – A. Further Information about Our Group – 7. Summary of Material Contracts";

(i) the written consents referred to in the sub-section headed "Appendix IV – Statutory and General Information – D. Other Information – 7. Qualifications and Consents of Experts";

(j) the service contracts and the letters of appointment referred to in the sub-section headed "Appendix IV – Statutory and General Information – B. Further Information about our Directors and Substantial Shareholders – 1. Directors – (ii). Particulars of Service Contracts"; and

(k) a copy of each of the Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines on the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations.