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Application Proof of

Zhejiang Rongtai Electric Material Co., Ltd.
浙江榮泰電工器材股份有限公司

(the "**Company**")

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

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Zhejiang Rongtai Electric Material Co., Ltd.
浙江榮泰電工器材股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB[1.0] per H Share**
[REDACTED]	**:**	**[REDACTED]**

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

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The [**REDACTED**] is expected to be determined by agreement between [the [**REDACTED**]] (on behalf of the [**REDACTED**]) and our Company on the [**REDACTED**]. The [**REDACTED**] is expected to be on or before [**REDACTED**] (Hong Kong time) and, in any event, not later than 12:00 noon [**REDACTED**] (Hong Kong time). The [**REDACTED**] will not be more than HK$[**REDACTED**] per [**REDACTED**] and is currently expected to be not less than HK$[**REDACTED**] per [**REDACTED**] unless otherwise announced. If, for any reason, the [**REDACTED**] is not agreed by 12:00 noon [**REDACTED**] (Hong Kong time) between [the [**REDACTED**]] (on behalf of the [**REDACTED**]) and our Company, the [**REDACTED**] will not proceed and will lapse.

The [**REDACTED**], on behalf of the [**REDACTED**], may, where considered appropriate and with the consent of our Company, reduce the number of [**REDACTED**] and/or the indicative [**REDACTED**] range below that is stated in this Document (being HK$[**REDACTED**] per [**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]) at any time prior to the morning of the last day for lodging applications under the [**REDACTED**]. In such case, notices of the reduction in the number of [**REDACTED**] and/or the indicative [**REDACTED**] range will be published on the website of our Company at [**www.glorymica.com**] and on the website of the Stock Exchange at **www.hkexnews.hk** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [**REDACTED**]. For further details, see "Structure of the [**REDACTED**]" and "How to Apply for [**REDACTED**]" in this Document.

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IMPORTANT

[**REDACTED**]

IMPORTANT

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EXPECTED TIMETABLE

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EXPECTED TIMETABLE

[**REDACTED**]

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This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire Document before you decide to [**REDACTED**] *in the* [**REDACTED**].

There are risks associated with any investment. Some of the particular risks in investing in the [**REDACTED**] *are set out in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the* [**REDACTED**]. *Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary" in this Document.*

OVERVIEW

We are the global leader and pioneer in mica-based composite materials and related products for new energy applications, distinguished by our technological innovation and industry expertise. According to Frost & Sullivan, the global and China market sizes of mica products in the new energy sector were RMB4.7 billion and RMB3.9 billion in 2025, respectively. We ranked first globally and in China in the mica product market for the new energy sector in terms of revenue in 2025, with market shares of 22.7% and 12.7%, respectively. Leveraging our robust technological innovation capabilities, customer-centric collaborative R&D and globally integrated lean manufacturing capabilities, we have established ourselves as a leading provider of high-performance mica-based composite materials and related products for the new energy sector. Our mica-based composite materials and related products are designed to provide thermal protection, flame-retardant insulation and electrical safety, and are primarily applied in new energy vehicles, household appliances and fire-resistant cable applications. Leveraging our cross-sector expertise in precision processing technologies and our close alignment with customer requirements, we have successfully expanded our business from mica products into key precision structural components for robotics. Looking ahead, as policies and safety standards become more stringent, downstream sectors are placing greater emphasis on safety. At the same time, advances in product performance and technology are enabling mica products to meet a broader range of application requirements. As a result, the use of mica products in the new energy sector is expected to expand into more scenarios, further increasing our addressable market.

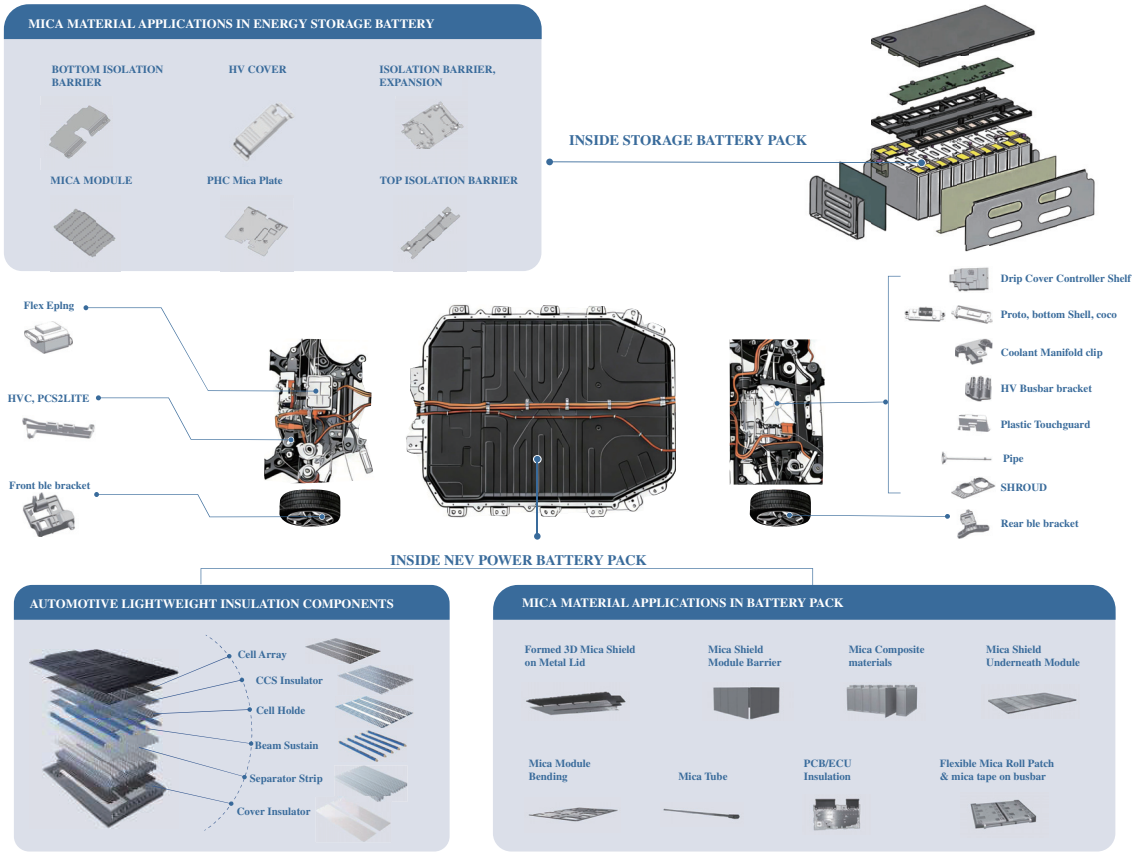
As an industry pioneer, we have focused on the R&D, production and sales of mica materials for over two decades. Capitalizing on the rapid development of the new energy sector, we entered the NEV and energy storage sectors at an early stage, accurately identifying market opportunities and providing high-quality mica products for new energy applications. According to Frost & Sullivan, mica products began to see preliminary application in the power battery and energy storage sectors in 2012, and gradually achieved scaled adoption after 2016. Our Company commenced the research and development of mica products for new energy applications in 2013. Through the continuous accumulation of customer insights, we have deepened our understanding of industry trends and customer requirements. Supported by technological innovation and guided by customer requirements, we provide customers with comprehensive assurance across the value chain, from collaborative R&D to high-quality product delivery. We have focused on continuously enhancing product quality, improving operational efficiency, optimizing customer experience and exceeding customer expectations, thereby creating long-term and stable value for our global customers.

We focus on technological innovation and precise market insight, leveraging our industry-leading position to provide customers with comprehensive assurance and collaborative R&D across the value chain. We strengthen lean manufacturing and pursue excellence in product quality, ensuring timely and high-quality delivery as well as robust assurance services, thereby deepening stable partnerships with leading global customers. Internationally, we have established a deep-processing base in Vietnam and a production base in Thailand, which was undergoing trial production as of the Latest Practicable Date. We also plan to further expand the production capacity of our Thailand production base to expand our global footprint and enhance our overseas manufacturing and delivery capacity. As of the Latest Practicable Date, our products were sold in more than 40 countries and regions worldwide.

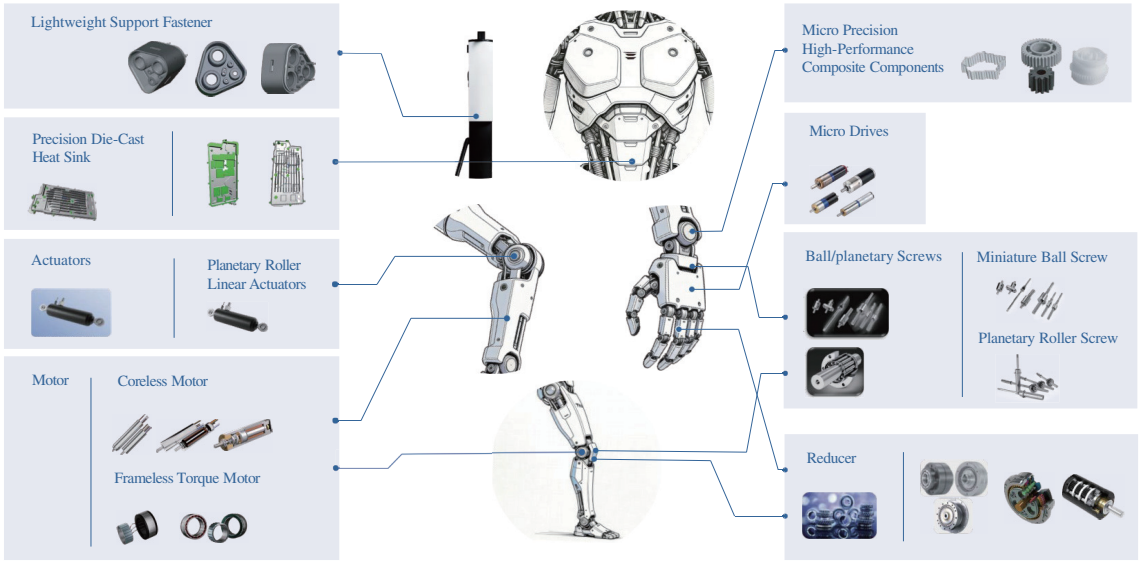
Drawing on our established technological and manufacturing strengths and our quality customer resources in mica materials, we have strategically entered the market of key precision structural components for robotics through acquisitions. We will continue to strengthen product R&D and refine manufacturing processes in this segment, aiming to achieve large-scale and stable supply and to build a robust foundation for our key precision structural components business. At the same time, we are actively exploring new application scenarios for key precision structural components, such as their applications in robotics, commercial low-altitude economy and new types of industrial engineering applications, to comprehensively enhance our core competitiveness and drive sustainable growth.

Our Product Portfolio

The following diagram illustrates our mica-based composite materials and related products for new energy applications:

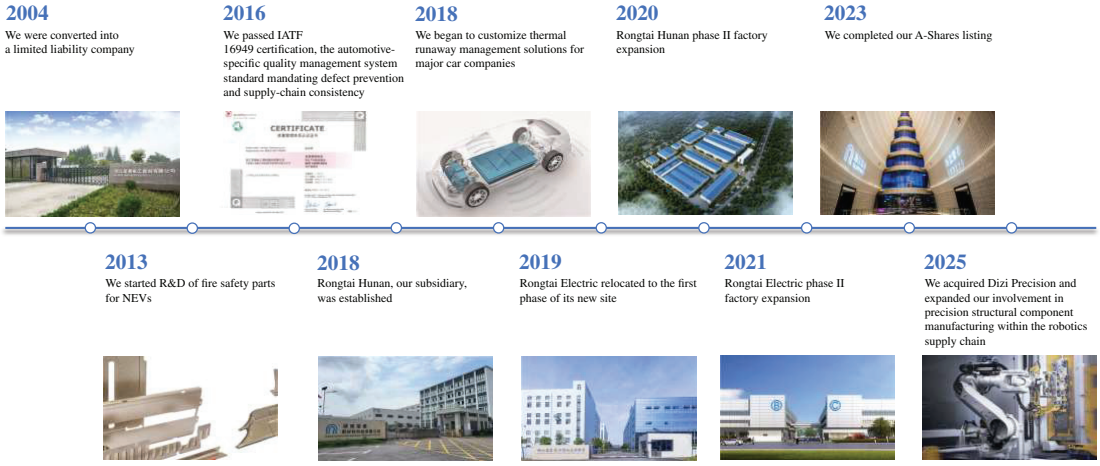


The following diagram illustrates our precision structural components and related products for key robotics applications:



Our Milestone

Since our conversion into limited liability company in 2004, we have focused on the research, development, production and sales of mica-based composite materials and related products. Over the past two decades, we have expanded our product applications from home appliances and cables to the new energy sector. Through ongoing technological innovation and close collaboration with leading customers, we have consistently strengthened our R&D and manufacturing capabilities, further consolidating our industry leadership. Our key development milestones are as follows:



Our Collaborations with Leading Customers

We have developed a deep understanding of customer requirements and can accurately identify new market opportunities, providing customers with end-to-end collaborative R&D and timely delivery. Through years of collaboration with leading industry participants, we have built a strong reputation and earned the trust of our customers, supporting a strong base of top-tier customers.

In NEV applications, we have established long-term and stable business relationships with globally renowned NEV manufacturers and Tier-1 automotive component suppliers. In the power battery sector, we maintain partnerships with leading global power battery manufacturers. In energy storage battery applications, we have formed long-term cooperation with globally recognized energy storage battery suppliers. In addition, we also serve leading customers in other industrial applications, including home appliances and cables. We have established relationships with leading global humanoid robot manufacturers and certain NEV manufacturers. We are actively exploring new industry application areas and, going forward, will continue to focus on the development and delivery of products centering on core precision structural components and their extended assemblies and modules.

We adopt a customer-oriented approach, underpinned by technological innovation, to provide customers with products of outstanding quality, deepen existing customer relationships, expand our customer base and enhance our core competitiveness and market influence.

OUR STRENGTHS

We believe that our business success and leading market position are underpinned by the following key strengths: (i) established operating history and application know-how in mica-based composite materials for new energy applications; (ii) technology-driven collaborative R&D with customers; (iii) lean manufacturing and comprehensive quality management, enabling timely and reliable product delivery; (iv) integrated domestic and overseas manufacturing footprint for cost efficiency and global market responsiveness; (v) stable partnerships with leading global customers, jointly advancing industry innovation; (vi) strategic expansion into robotics precision components, building a synergistic second growth engine; and (vii) experienced, professional and forward-looking management team with strong accountability. See "Business — Our Strengths."

OUR STRATEGIES

We plan to implement the following strategies to consolidate and enhance our leading position in the industry: (i) expand lean manufacturing capacity and sustain market leadership; (ii) accelerate R&D and product iteration, and deepen collaborative R&D with customers; (iii) strengthen global marketing network and expand customer base; (iv) enhance global operational and management efficiency through coordinated domestic and overseas operations; and (v) increase investment in mica-based composite materials and key precision structural components to support long-term growth. See "Business — Our Strategies."

OUR BUSINESS MODEL

We specialize in the R&D, production and sales of (i) high temperature resistant mica-based composite materials and related products and (ii) key precision structural components. Our business is driven by technological innovation, close customer collaboration and integrated supply chain management, underpinned by our commitment to delivering advanced electrical and thermal insulation products to leading manufacturers worldwide, primarily in the new energy sector. Our product portfolio primarily comprises (i) mica-based composite materials and related products for new energy sector and other applications, and (ii) key precision structural components for robotics and other advanced automation applications. Leveraging collaborative R&D, lean manufacturing and a global supply chain and service network, we support customers through customized product development, enabling us to respond efficiently to their requirements on safety, performance and cost.

During the Track Record Period, we generated revenue primarily through the sales of mica-based composite materials and related products, including safety component for NEVs, flame-retardant insulation parts for home appliances, flame-retardant insulation tapes for cables, among others. Following our acquisition of Dizi Precision in June 2025, we expanded our product portfolio to include precision structural components and began generating revenue from the sales of precision structural components, primarily for robots and advanced automation applications. The following table sets forth our revenue breakdown by product lines for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Mica-based composite materials and related products	**782,847**	**97.8**	**1,118,737**	**98.6**	**1,274,410**	**92.6**	**556,005**	**97.1**	**799,043**	**88.9**
Products for NEV applications	**574,627**	**71.8**	**897,803**	**79.1**	**1,063,840**	**77.3**	**458,638**	**80.1**	**697,741**	**77.7**
Thermal runaway protection insulation component product	574,333	71.8	882,540	77.8	1,046,024	76.0	457,109	79.8	609,854	67.9
Lightweight structural component	294	0.0	15,263	1.3	17,816	1.3	1,529	0.3	87,887	9.8
Products for non-NEV applications	**208,220**	**26.0**	**220,934**	**19.5**	**210,570**	**15.3**	**97,367**	**17.0**	**101,302**	**11.3**
Home appliances	112,142	14.0	120,243	10.6	105,907	7.7	47,847	8.4	50,807	5.7
Cable	52,194	6.5	57,991	5.1	60,260	4.4	31,166	5.4	26,379	2.9
Other products[(1)]	43,884	5.5	42,700	3.8	44,403	3.2	18,354	3.2	24,116	2.7
Key precision structural components and related products	**–**	**–**	**–**	**–**	**89,675**	**6.5**	**10,182**	**1.8**	**96,061**	**10.7**
Motor	–	–	–	–	571	0.0	117	0.0	634	0.1
Linear actuators	–	–	–	–	41,291	3.0	3,140	0.5	45,955	5.1
Transmission components	–	–	–	–	35,952	2.6	5,664	1.0	36,384	4.0
Gearboxes	–	–	–	–	2,071	0.2	72	0.0	2,134	0.2
Auxiliary components	–	–	–	–	9,790	0.7	1,189	0.2	10,954	1.2
Others[(2)]	**17,408**	**2.2**	**16,027**	**1.4**	**11,669**	**0.9**	**6,297**	**1.1**	**3,272**	**0.4**
Total	**800,255**	**100.0**	**1,134,764**	**100.0**	**1,375,754**	**100.0**	**572,484**	**100.0**	**898,376**	**100.0**

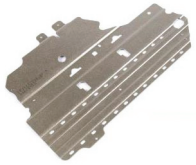
Notes:

(1) Other products primarily comprised revenue from mica-based products for industrial, rail transit, 3C electronics, general machinery, and other industrial applications.

(2) Others primarily comprised revenue from primary mica products and scrap sales.

OUR PRODUCTS

We provide advanced mica-based composite materials and related products mainly for NEVs, home appliances and cables, and manufacture key precision structural components primarily for robotics and advanced automation applications. The following chart presents our key application scenarios and related products:

Key Application Areas	Products	Use Cases	Illustration
NEV	Thermal runaway protection insulation components, lightweight structural components, and other mica-based products	Thermal runaway protection and electrical insulation for battery cells, modules, battery packs and entire vehicles; insulation and structural support for autonomous driving systems, energy storage systems and low-altitude aircraft	
Home Appliances	Mica heaters, mica boards, mica rolls and precision-machined mica components	Flame-retardant insulation for home appliances with heating functions, including microwave ovens, hair dryers, electric cookers, toasters and smart toilets	
Cable	Mica tapes	Flame-retardant insulation protection for cables and specialty cables	
Robotics Applications	Motors, linear actuators, transmission components, gearboxes and auxiliary components	High-precision motion control and structural components for robotics and automation equipment	

The following table sets forth our key operating metrics for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Shipment volume[(1)] (tons)	19,184	25,785	27,035	15,590
Number of customers during the period[(2)]	1,281	1,350	1,904	1,476

Notes:

(1) Shipment volume in 2025 and the six months ended June 30, 2026 included the shipment volume of precision structural components of Dizi Precision following the completion of its acquisition in June 2025.

(2) The number of customers in 2025 and the six months ended June 30, 2026 included all customers of Dizi Precision following the completion of its acquisition in June 2025.

Our customer base remained relatively stable with a gradual upward trend during the Track Record Period. In addition, shipment volume increased significantly from 19,184 tons in 2023 to 27,035 tons in 2025, and reached 15,590 tons in the six months ended June 30, 2026, primarily due to higher sales of mica-based composite materials and related products. See "Business — Our Products."

OUR TECHNOLOGIES

Our core technologies are the foundation of our leadership in the high-temperature insulation and fire protection materials industry, enabling us to deliver advanced products for NEVs, energy storage batteries, specialty cables and industrial applications. Our core technologies are centered on advanced material formulation and performance verification for high-temperature, fire-retardant and electrically insulating mica-based composites, as well as precision processing and three-dimensional forming technologies that enable customized components for demanding new energy applications. Building on these capabilities, we have also established precision manufacturing and integration technologies for key structural components, supporting our expansion into robotics and other advanced industrial applications. Our core technologies are protected by a robust intellectual property portfolio and are continuously advanced through internal R&D and industry collaboration. They enable us to deliver reliable, advanced and customizable insulation and fire protection products for the world's most demanding applications. See "Business — Our Technologies."

RESEARCH AND DEVELOPMENT

We implement an application-oriented R&D strategy that combines technological innovation with close alignment to customer requirements. Our R&D efforts primarily focus on (i) the development and performance optimization of high-temperature, fire-retardant and electrically insulating mica-based composite materials for new energy applications, (ii) application-oriented development and precision processing technologies to support customized integration into battery systems and other industrial uses, and (iii) the development of key precision structural components for robotics and advanced automation applications. As of June 30, 2026, our R&D team consisted of 187 personnel, supported by standardized project management and commercialization processes. See "Business — Research and Development."

SALES AND MARKETING

We have adopted a direct sales model to sell products to leading NEV manufacturers, cable manufacturers, major home appliance enterprises and trading companies. Leveraging our sales network, we effectively expand sales opportunities for our products and increase brand awareness. This approach also allows us to accumulate valuable market and process expertise, focusing on R&D-driven strategies to refine our products and nurture customer relationships. As of June 30, 2026, our sales team consisted of 91 personnel with strong technical knowledge of our product applications and experience in the electrical materials industry. We have established a comprehensive sales and marketing network covering both domestic and international markets, covering over 40 countries and regions worldwide, ensuring extensive market coverage and diverse customer touchpoints. During the Track Record Period, our export products consisted primarily of mica-based composite materials and related products. As advised by our PRC Legal Advisor, our products were not subject to export control restrictions under PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date; nor have we been notified by our customers of any control restrictions under PRC laws and regulations in connection with their purchase of our products. See "Business — Sales and Marketing."

OUR PRODUCTION

We operate a vertically integrated and globally coordinated manufacturing system supporting the production of our products. Our manufacturing capabilities encompass material compounding, precision processing, three-dimensional forming, and automated production, supported by lean manufacturing practices and comprehensive quality management systems to ensure product consistency, reliability, and timely delivery. As of June 30, 2026, we operated a network of production bases in China, including Jiaxing, Yueyang and Shanghai, as well as an overseas advanced processing base in Vietnam. These facilities are purpose-built to support different product categories, ranging from advanced mica-based composite materials and related products for new energy applications to key precision structural components for robotics and advanced automation. Our production system is designed to support scalable delivery and customized manufacturing requirements and operated at generally high utilization levels during the Track Record Period. Apart from China, we also exported our products from Singapore and Vietnam during the Track Record Period, primarily through our local entities or distribution networks established therein. However, our products exported from these countries do not constitute controlled items under local export control laws. During the Track Record Period and up to the Latest Practicable Date, we complied with applicable customs declaration and export procedures in Singapore and Vietnam, and had never been subject to any investigation, inquiry, penalty, or enforcement action by any local authorities in these jurisdictions regarding export control or trade non-compliance. Therefore, we are of the view that our activities are not subject to the export control measures of these countries. For details of our production capacity and utilization, see "Business — Our Production."

OUR MAJOR CUSTOMERS AND SUPPLIERS

Our customers primarily comprise leading NEV manufacturers and battery manufacturers. In 2023, 2024, 2025 and the six months ended June 30, 2026, our revenue from the five largest customers in each year/period during the Track Record Period was RMB333.9 million, RMB480.7 million, RMB585.1 million and RMB428.5 million, respectively, accounting for 41.7%, 42.3%, 42.5% and 47.7% of our total revenue, respectively. In the same year/period, our revenue from the single largest customer in each year/period during the Track Record Period was RMB86.2 million, RMB140.8 million, RMB191.1 million and RMB103.5 million, accounting for 10.8%, 12.4%, 13.9% and 11.5% of our total revenue, respectively. Our major customers during the Track Record Period were primarily located in China, Germany, the United States and South Korea. See "Business — Our Customers."

We primarily procure mica, fiberglass cloth, chemicals, adhesive tapes, foam materials, packaging materials and other ancillary materials. These items constitute our major cost components and are essential to supporting our manufacturing operations. Our suppliers primarily consist of manufacturers and trading companies. In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers in each year/period during the Track Record Period were RMB101.3 million, RMB138.1 million, RMB155.2 million and RMB139.1 million, respectively, accounting for 30.7%, 27.7%, 30.4% and 35.8% of our total purchases, respectively. In the same year/period, purchases from our largest supplier in each year/period during the Track Record Period were RMB36.7 million, RMB42.0 million, RMB41.6 million and RMB69.0 million, accounting for 11.1%, 8.4%, 8.2% and 17.9% of our total purchases, respectively. Our major suppliers during the Track Record Period were primarily located in China and South Korea. During the Track Record Period, our overseas procurement primarily included foam tape, mica ore and precision components. Our major overseas suppliers were mainly located in regions including South Korea, Russia, and Hong Kong. Purchases from our overseas suppliers during the Track Record Period were RMB16.4 million, RMB28.3 million, RMB42.5 million and RMB19.5 million in 2023, 2024, 2025 and

the six months ended June 30, 2026, accounting for 5.0%, 5.7%, 8.3% and 5.0% of our total purchases, respectively. To the best of our knowledge, we are not aware of any export control measures imposed on foam tape and mica ore by the countries and regions from which we imported such materials during the Track Record Period and up to the Latest Practicable Date. Nor have we received any notice from any supplier regarding control restrictions on foam tape and mica ore under the laws and regulations of Chinese mainland or other relevant countries. See "Business — Our Suppliers."

INTELLECTUAL PROPERTY

We regard intellectual property as a strategic asset fundamental to our long-term competitiveness. As of the Latest Practicable Date, we held 283 patents in the PRC, including 74 invention patents, 201 utility model patents and eight design patents. We also held 10 software copyrights and 28 registered trademarks in the PRC. To safeguard our proprietary technologies and innovations, we have established a comprehensive intellectual property management system. This framework includes maintaining a robust portfolio of patents, software copyrights and registered trademarks, as well as implementing confidentiality agreements and internal policies to protect technical expertise and trade secrets. Our policies, such as the technical confidentiality policy and intellectual property confidentiality policy, are strictly enforced and supported by rigorous access controls and advanced information security measures for sensitive technical data. See "Business — Intellectual Property."

COMPETITION

We primarily operate in the mica product market for new energy applications, which is characterized by high safety requirements, stringent customer certification processes and increasing market concentration as leading players expand production capacity and accelerate technology upgrading. In addition, our key precision structural components are applied in the embodied intelligence market, supporting motion transmission, structural stability and system integration in robotics and intelligent automation applications. Globally, the mica product market is increasingly segmented into applications for NEVs, power batteries and energy storage batteries, each exhibiting distinct competitive dynamics driven by material performance requirements and downstream technical standards. According to Frost & Sullivan, the global and China market sizes are expected to reach RMB4.7 billion and RMB3.9 billion in 2025, respectively, and further grow to RMB14.7 billion and RMB12.1 billion in 2030, representing CAGRs of 26.2% and 24.9% from 2026 to 2030, respectively.

Competition in the global market is primarily driven by the ability to deliver high-performance electrical insulation and flame-retardant materials that meet stringent safety standards, including thermal-runaway protection and high-voltage insulation. Leading Chinese manufacturers have secured their competitive position through long-term technological accumulation in mica paper formulation, process advancements in pulping, sheet forming and lamination, and consistent delivery performance across large-scale NEV and battery platforms. International competitors remain active in specialized high-end applications but generally lack cost-performance advantages in large-volume new energy use cases. See "Industry Overview."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Consolidated Statements of Profit or Loss

The following table sets forth a summary of our results of operations for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	800,255	1,134,764	1,375,754	572,484	898,376
Cost of sales	(517,996)	(771,356)	(920,421)	(382,240)	(592,922)
Gross profit	**282,259**	**363,408**	**455,333**	**190,244**	**305,454**
Other income, gains and losses	33,016	41,143	49,809	26,907	(9)
Selling and marketing expenses	(20,738)	(26,845)	(34,595)	(14,793)	(24,988)
Administrative expenses	(48,640)	(50,806)	(75,620)	(32,923)	(50,266)
Research and development expenses	(45,106)	(61,311)	(65,471)	(26,398)	(47,614)
Impairment losses on financial assets, net	(202)	(3,571)	(5,121)	434	(3,004)
Other expenses	(565)	(945)	(567)	(444)	(1,320)
Share of profits of an associate	–	–	4,895	–	6,033
Finance costs	(4,693)	(1,227)	(8,402)	(2,026)	(6,628)
Profit before tax	**195,331**	**259,846**	**320,261**	**141,001**	**177,658**
Income tax expenses	(23,529)	(29,596)	(37,654)	(17,261)	(21,374)
Profit for the year/period	**171,802**	**230,250**	**282,607**	**123,740**	**156,284**

See "Financial Information — Description of Major Components of Our Results of Operations."

Consolidated Statements of Financial Position

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	501,728	791,976	1,497,214	1,619,472
Total current assets	1,453,142	1,421,032	1,750,854	1,823,166
Total current liabilities	254,417	327,985	1,057,115	1,184,200
Total non-current liabilities	39,011	54,128	58,592	57,906
Net current assets	1,198,725	1,093,047	693,739	638,966
Net assets	1,661,442	1,830,895	2,132,361	2,200,532

Our net current assets decreased by 8.8% from RMB1,198.7 million in 2023 to RMB1,093.0 million in 2024, primarily due to (i) the decrease in bank and cash balances attributable to our cash management policy; and (ii) the increase in trade and notes payables to our suppliers for the raw materials related to our mica-based composite materials, which were partially offset by the increase in financial assets at fair value through profit or loss. Our current assets decreased by 2.2% from RMB1,453.1 million as of December 31, 2023 to RMB1,421.0 million as of December 31, 2024, primarily due to the decrease in financial assets at fair value through other comprehensive income and bank and cash balances which was partially offset by the increase in financial assets at fair value through profit or loss.

Our net current assets decreased by 36.5% from RMB1,093.0 million in 2024 to RMB693.7 million as of December 31, 2025, primarily due to (i) the increase in interest bearing bank and other borrowings; and (ii) the decrease in bank and cash balances influenced by our cash management policy, which were partially offset by the increase in financial assets at fair value through profit or loss and interests in an associate. Our current assets increased by 23.2% from RMB1,421.0 million as of December 31, 2024 to RMB1,750.9 million as of December 31, 2025, primarily due to the increase in financial assets at fair value through profit or loss, which was partially offset by the decrease in bank and cash balances.

Our net current assets decreased by 7.9% from RMB693.7 million as of December 31, 2025 to RMB639.0 million as of June 30, 2026, primarily due to (i) the increase in trade and notes payables; and (ii) the decrease in bank and cash balances, which were partially offset by the increase in prepayments and other receivables.

Our current assets increased by 4.1% from RMB1,750.9 million as of December 31, 2025 to RMB1,823.2 million as of June 30, 2026, primarily due to the increase in prepayments and other receivables and inventories, which was partially offset by the decrease in bank and cash balances and financial assets at fair value through profit or loss.

Our net assets increased by 10.2% from RMB1,661.4 million as of December 31, 2023 to RMB1,830.9 million as of December 31, 2024, primarily due to profit for the year 2024 of RMB230.3 million and total comprehensive income for the year 2024 of RMB230.0 million, partially offset by dividends declared of RMB39.1 million. Our net assets increased by 16.5% from RMB1,830.9 million as of December 31, 2024 to RMB2,132.4 million as of December 31, 2025, primarily due to profit for the year 2025 of RMB282.6 million partially offset by dividends declared of RMB70.7 million.

Our net assets increased by 3.2% from RMB2,132.4 million as of December 31, 2025 to RMB2,200.5 million as of June 30, 2026, primarily due to the increase in property, plant and equipment, which was partially offset by the increase in trade and notes payables and the decrease in bank and cash balances.

See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position."

Consolidated Statements of Cash Flow

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

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cash generated from operations	234,007	229,641	296,485	118,099	274,428
Bank interest received	9,013	17,403	15,821	3,552	8,432
Income tax paid	(21,892)	(37,481)	(33,210)	(15,368)	(27,529)
Net cash generated from operating activities	221,128	209,563	279,096	106,283	255,331
Net cash used in investing activities	(54,311)	(566,990)	(834,146)	(298,742)	(247,882)
Net cash generated from/(used in) financing activities	788,486	(84,973)	446,588	197,036	(106,412)
Net increase/(decrease) in cash and cash equivalents	955,303	(442,400)	(108,462)	4,577	(98,963)
Effect of foreign exchange rate changes	196	3,555	(1,544)	(322)	(7,319)
Cash and cash equivalents at beginning of year/period	67,172	1,022,671	583,826	583,826	473,820
Cash and cash equivalents at end of year/period	**1,022,671**	**583,826**	**473,820**	**588,081**	**367,538**
Analysis of cash and cash equivalents					
Bank and cash balances	1,022,671	583,826	474,103	588,081	367,538
Restricted cash	–	–	(283)	–	–
	1,022,671	**583,826**	**473,820**	**588,081**	**367,538**

See "Financial Information — Liquidity and Capital Resources — Cash Flow."

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/periods indicated:

	Year ended/As of December 31,			Six months ended/As of June 30,
	2023	2024	2025	2026
Revenue growth (%)	19.89	41.80	21.24	56.93
Gross profit margin (%)[1]	35.27	32.02	33.10	34.00
Current ratio (times)[2]	5.71	4.33	1.66	1.54
Quick ratio (times)[3]	5.04	3.57	1.30	1.17

Notes:

(1) Calculated by dividing gross profit by revenue for the year/period.

(2) Calculated by dividing current assets by current liabilities as of the same date.

(3) Calculated by dividing total current assets (excluding inventories) by total current liabilities as of the end of the year/period.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in the section headed "Risk Factors" in this Document. You should read that section in its entirety carefully before you decide to invest in our H Shares. Some of the major risks we face include: (i) the mica product market in the new energy sector is highly competitive, and we may not be able to compete effectively; (ii) we may not be able to timely and cost-effectively develop advanced technologies and products that satisfy evolving customer, regulatory and industry requirements; (iii) the NEV sector adopts alternative battery technologies or insulation materials, and demand for our mica-based composite materials and related products may decline; (iv) our historical growth may not be indicative of our future performance; (v) any unexpected disruption at our production facilities could adversely affect our ability to deliver customized products; (vi) we are exposed to risks associated with our global operations, and changes in the global economic environment, trade policies or diplomatic relationships may result in fluctuations in demand for our products; (vii) our business is subject to customer concentration risk; (viii) any failure to maintain high standards of technical support, customization or after sales service may undermine our customer relationships; (ix) our products may fail to meet required specifications or may contain defects, which could result in safety issues, product recalls, liability claims or loss of business; and (x) we have made, and expect to continue making, significant investments in R&D, which may adversely affect our profitability and operating cash flow, and such investments may not achieve the desired outcomes. See "Risk Factors."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. GE Tairong and Ms. CAO Meisheng held an aggregate of approximately 38.38% of the total issued share capital of our Company, comprising approximately (i) 32.52% direct interest held by Mr. GE Tairong, (ii) 4.48% direct interest held by Ms. CAO Meisheng, (iii) 0.76% indirect interest held by Shanghai Chaotai, a limited partnership owned as to 33.07% by Ms. CAO Meisheng as the general partner, and (iv) 0.62% indirect interest held by Shanghai Congjiong, a limited partnership owned as to 7.34% by Ms. CAO Meisheng as the general partner. Mr. GE Tairong and Ms. CAO Meisheng are husband and wife.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. GE Tairong and Ms. CAO Meisheng will hold an aggregate of approximately [**REDACTED**]% of the total issued share capital of our Company, comprising approximately (i) [**REDACTED**]% direct interest held by Mr. GE Tairong, (ii) [**REDACTED**]% direct interest held by Ms. CAO Meisheng, (iii) [**REDACTED**]% indirect interest held by Shanghai Chaotai, and (iv) [**REDACTED**]% indirect interest held by Shanghai Congjiong. Therefore, Mr. GE Tairong and Ms. CAO Meisheng will control an aggregate of more than 30% of the voting power at general meetings of our Company. Accordingly, Mr. GE Tairong, Ms. CAO Meisheng, Shanghai Chaotai and Shanghai Congjiong will together constitute a group of Controlling Shareholders upon the [**REDACTED**].

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

Since August 1, 2023, the A Shares of our Company have been listed on the Shanghai Stock Exchange. Our Directors confirm that, since the A-Share Listing and up to the Latest Practicable Date, there had been no instances of material non-compliance of our Company with the applicable rules of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, there are no material matters in relation to the compliance record of our Company on the Shanghai Stock Exchange that should be brought to the attention of the Hong Kong Stock Exchange or potential investors of the [**REDACTED**]. Our PRC Legal Advisor is of the view that, since the A-Share Listing and up to the Latest Practicable Date, there had been no instances of material non-compliance of our Company with the applicable rules of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor's view above, no material matter has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

Our Company seeks to [**REDACTED**] its H Shares on the Hong Kong Stock Exchange to further enhance its capital strength and overall competitiveness, fully leverage the resources and institutional advantages of the international capital markets, optimize the capital structure, broaden diversified financing channels, and comprehensively improve its overall strength. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" in this Document for more details.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**], after deducting the [**REDACTED**], fees and estimated expenses paid and payable by us in connection with the [**REDACTED**], assuming no exercise of the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]).

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] million of the net [**REDACTED**], will be used to expand global production capacity and build intelligent manufacturing systems, in line with our strategy to capture industry growth and enhance supply chain resilience; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million of the net [**REDACTED**], will be used for strategic investments and acquisitions to strengthen our technology capabilities and expand our business portfolio in line with our growth strategy; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million of the net [**REDACTED**], will be used to accelerate the R&D and innovation for precision components for robotics and

safety structural parts for new energy applications, supporting product iteration and technology leadership; (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**] million of the net [**REDACTED**], will be used to strengthen our global marketing network and enhance management effectiveness, supporting our international expansion and operational excellence; and (v) approximately [**REDACTED**]%, or HK$[**REDACTED**] million of the net [**REDACTED**], will be used for supplementing corporate working capital and other general uses. See "Future Plans and Use of [**REDACTED**]."

[**REDACTED**]

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] is completed and [**REDACTED**] H Shares are newly issued in the [**REDACTED**], (ii) the [**REDACTED**] is not exercised, and (iii) [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**]:

	Based on the [REDACTED] of HK$[REDACTED] per Share	Based on the [REDACTED] of HK$[REDACTED] per Share
Total market [**REDACTED**] considering both A Shares and H Shares	HK$[**REDACTED**]	HK$[**REDACTED**]
Market [**REDACTED**] of our H Shares(1)	HK$[**REDACTED**]	HK$[**REDACTED**]
Market [**REDACTED**] of our A Shares(2)	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share(3)	HK$[**REDACTED**] (RMB[**REDACTED**])	HK$[**REDACTED**] (RMB[**REDACTED**])

Notes:

(1) The calculation of market [**REDACTED**] is based on the assumption that [**REDACTED**] H Shares are expected to be in issue immediately after completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised).

(2) Calculated based on the average closing price of the A Shares of RMB[**REDACTED**] (i.e. HK$[**REDACTED**] calculated based on RMB[0.8650] to HK$1.00) per share for the five business days immediately preceding the Latest Practicable Date and the total share capital of [472,843,878] A Shares as of the Latest Practicable Date and excluding [**REDACTED**] treasury shares.

(3) The unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [**REDACTED**] Shares (including [**REDACTED**] A-shares but excluding [**REDACTED**] treasury shares held by the Company in treasury and [**REDACTED**] restricted shares which have been transferred from the Company's treasury share account to the dedicated securities account for the share option scheme) and [**REDACTED**] H-shares were in issue as at 30 June 2026, assuming that the [**REDACTED**] had been completed on 30 June 2026 but does not take into account of any Shares which may be [**REDACTED**] and issued by the Company upon the exercise of the [**REDACTED**].

DIVIDENDS

We currently have a formal dividend policy with pre-determined payout ratios for the three years following the listing on the Shanghai Stock Exchange, which provides that, the (i) cumulative cash dividends over any three consecutive years shall not be less than 30% of the average annual distributable profits realised over those three years, and (ii) annual cash dividends shall not be less than 10% of the distributable profits realised in that year when cash dividend conditions are met. On September 21, 2023, we declared interim dividends of RMB14.0 million to our Shareholders, which were paid on September 27, 2023. On June 12, 2024, we declared a cash dividend of RMB39.1 million to our Shareholders which were paid on June 18, 2024, and a non-cash dividend by converting capital reserves into 83,742,150 Shares. On June 11, 2025, we declared cash dividends of RMB70.7 million to our

Shareholders, which were paid on June 17, 2025. On April 21, 2026, we declared a cash dividend of RMB83.7 million to our shareholders and a non-cash dividend in the form of a capital reserve conversion into 109,117,818 shares of share capital, which were paid on May 15, 2026. Any future determination to pay dividends will be made at the discretion of our Board of Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant. As advised by our PRC Legal Advisor, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital. See "Financial Information — Dividends."

[**REDACTED**]

[**REDACTED**] consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) (based on the mid-point of the indicative [**REDACTED**] range and assuming the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] to consist of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) in [**REDACTED**] and RMB[**REDACTED**] (HK$[**REDACTED**]) in [**REDACTED**]. Among the total [**REDACTED**], approximately RMB[**REDACTED**] (HK$[**REDACTED**]) will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining RMB[**REDACTED**] (HK$[**REDACTED**]) will be expensed in our consolidated statements of comprehensive income.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

During the Track Record Period and up to the Latest Practicable Date, we maintained steady growth in our business operations. During the seven months ended July 31, 2026, the sales volume of our mica-based composite materials and related products increased to 18,786.2 tons, compared with approximately 14,601.5 tons in the same period of 2025. In addition, the sales volume of our key precision structural components increased to 20.1 tons during the seven months ended July 31, 2026, demonstrating further development of the precision structural components segment following the completion of the acquisition of Dizi Precision in June 2025. During the same period, our revenue and gross profit continued to increase, primarily driven by sustained demand from the new energy sector.

Our Directors have confirmed that up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026 (being the end of the Track Record Period) and there is no event since June 30, 2026 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

In this Document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms" in this Document.

"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
"Accountants' Report"	the accountants' report of the Company, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Articles" or "Articles of Association"	the articles of association of the Company with effect upon the [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix V to this Document
"associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAC"	Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
	[REDACTED]
"China," "Chinese mainland" or "the PRC"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this Document only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China

"close associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "CWUMPO"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "we," "our" or "us"	Zhejiang Rongtai Electric Material Co., Ltd. (浙江榮泰電工器材股份有限公司), a limited liability company established under the laws of the PRC on September 12, 2004, which was formerly known as Jiaxing Rongtai Electric Material Company Limited* (嘉興市榮泰電工器材有限公司), and was converted into a joint stock company with limited liability on August 24, 2021
"Compliance Advisor"	Somerley Capital Limited
"connected person(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company
"Dizi Precision"	Shanghai Dizi Precision Machinery Co., Ltd. (上海狄茲精密機械有限公司), a limited liability company established under the laws of the PRC and one of our subsidiaries
"EIT"	enterprise income tax

"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"ESG"	Environmental, Social and Governance
	[**REDACTED**]
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period
	[**REDACTED**]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
	[**REDACTED**]
"Glory New Material"	Jiaxing Glory New Material Technology Company Limited (嘉興市閣勞瑞新材料科技有限公司), a limited liability company established under the laws of the PRC and one of our wholly-owned subsidiary
"Group," "we," "our" or "us"	the Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by the Company and/or its subsidiaries and their predecessors (if any)
"Guide" or "Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time
	[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"IFRS Accounting Standards"	IFRS accounting standards, issued by the International Accounting Standards Board
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Hong Kong Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	August 17, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[**REDACTED**]

"Listing Rules" or "Hong Kong 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
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法)
"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC Legal Advisor"	GF Law Firm Shanghai, the PRC legal advisor to the Company
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法)

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rongtai Automobile"	Zhejiang Rongtai Automobile Parts Company Limited (浙江榮泰汽車零部件有限公司), a limited liability company established under the laws of the PRC and one of our wholly-owned subsidiaries
"Rongtai Hainan"	Hainan Rongtai New Materials Company Limited (海南榮泰新材料有限公司), a limited liability company established under the laws of the PRC and one of our wholly-owned subsidiaries
"Rongtai Hunan"	Hunan Rongtai New Materials Technology Company Limited (湖南榮泰新材料科技有限公司), a limited liability company established under the laws of the PRC and one of our wholly-owned subsidiaries
"Rongtai Mexico"	GLORYMICA MEXICO, a limited liability company incorporated under the laws of Mexico and one of our wholly-owned subsidiaries
"Rongtai Robotics"	Zhejiang Rongtai Intelligent Robotics Company Limited (浙江榮泰智能機器人有限公司), a limited liability company established under the laws of the PRC and one of our wholly-owned subsidiaries
"Rongtai Singapore"	Rongtai Electric Material PTE. LTD., a limited liability company incorporated under the laws of Singapore and one of our wholly-owned subsidiaries
"Rongtai Singapore New Materials"	RONGTAI NEW MATERIALS PTE. LTD., a limited liability company incorporated under the laws of Singapore and one of our wholly-owned subsidiaries
"Rongtai Thailand"	Rongtai Technology (Thailand) Company Limited, a limited liability company incorporated under the laws of Thailand and one of our wholly-owned subsidiaries
"Rongtai Vietnam"	VIETNAM RONGTAI ELECTRIC MATERIAL CO., LTD, a limited liability company incorporated under the laws of Vietnam and one of our wholly-owned subsidiaries
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	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 capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Shanghai Chaotai"	Shanghai Chaotai Enterprise Management Limited Partnership (上海巢泰企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC and one of our Shareholders
"Shanghai Congjiong"	Shanghai Congjiong Enterprise Management Limited Partnership (上海聰炯企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC and one of our Shareholders
"Sole Sponsor"	the sole sponsor as named in the section headed "Directors and Parties Involved in the [**REDACTED**]"
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Ownership Plan"	the 2025 Stock Ownership Plan of the Company approved by the Shareholders on October 15, 2025
"Strategy Management and ESG Committee"	the strategy management and ESG committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

"Track Record Period"	the financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026
"treasury shares"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"U.S. dollar(s)", "US$" or "USD"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	The U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"VAT"	value-added tax

[**REDACTED**]

"%"	per cent

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.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including the Company's subsidiaries) have been included in this Document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Unless otherwise stated, 16,090 repurchased A Shares which were held as treasury shares by the Company as of the Latest Practicable Date have been included in the total number of issued shares of the Company as of the Latest Practicable Date and immediately after completion of the [**REDACTED**].

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this Document in connection with our Group and our business. The meaning of these terms may not necessarily correspond to standard industry meaning or the usage of these terms.

"3C electronics"	Computer, Communication, Consumer electronics.
"ball screw"	a mechanical screw mechanism used to achieve precise linear motion through rolling balls, commonly applied in robotics, automation and other precision motion-control systems.
"CCS"	Combined Charging System, an international standard for electric vehicle charging that supports both AC and DC fast charging through a single connector interface, enabling high-voltage, high-power charging for NEVs.
"deep-processing"	advanced manufacturing steps that convert mica semi-finished materials such as boards and papers into finished or near-finished mica-based products, typically including precision cutting, shaping, laminating, coating and assembly to meet application-specific electrical, thermal and mechanical requirements.
"die-cast heat sink"	a component made by die-casting metal, used to dissipate heat from electronic or mechanical systems, ensuring thermal management in high-density assemblies.
"dielectric strength"	the maximum electric field a material can withstand without breaking down, measured in kilovolts per millimeter (kV/mm), indicating the effectiveness of insulation materials.
"FDA"	The United States Food and Drug Administration, a federal agency responsible for protecting public health by regulating food, medical devices, drugs and related products.
"flame-retardant insulation tape"	a tape made from mica or other flame-resistant materials, used to wrap and insulate cables, providing fire protection and electrical insulation.
"JIS C0 grade"	a Japanese Industrial Standard indicating the highest accuracy class for ball screws, ensuring micrometer-level positioning precision.

"lean manufacturing"	a production approach that eliminates waste and maximizes customer value through continuous improvement, just-in-time flow, standardized work and pull-based production; implemented via automated, digitally integrated lines and data-driven controls to shorten cycles, reduce defects and ensure timely, high-quality delivery.
"linear actuator"	an electromechanical device that converts rotational motion, typically generated by a motor, into linear motion of a load.
"micro drive"	a compact drive system designed for small-scale or high-density robotic applications, enabling precise motion control.
"mica paper"	a thin, flexible sheet made from natural or synthetic mica, used as a foundational material for manufacturing laminated boards, tubes, and plates with high thermal and electrical insulation properties.
"mica plate"	a flat, rigid insulation component manufactured from compressed mica paper, used for electrical and thermal insulation in various industrial applications.
"mica roll"	a continuous roll of mica-based insulation material, typically reinforced with glass fiber or polymer film, used for wrapping and insulating cables, battery modules, and other components requiring flexible fire-resistant protection.
"mica tube"	a cylindrical insulation component made from rolled mica paper, used for electrical insulation in cables, appliances, and industrial equipment.
"NEV"	New Energy Vehicle, vehicle powered by alternative energy sources such as electricity or hybrid systems, including battery electric vehicles and plug-in hybrids.
"OEM"	Original Equipment Manufacturer.
"PCB/ECU insulation"	insulation materials or components used to electrically isolate printed circuit boards or electronic control units in automotive and industrial systems.
"planetary roller screw"	a mechanical transmission component that converts rotary motion into linear motion, offering high load capacity and precision for actuators and automation.

GLOSSARY OF TECHNICAL TERMS

"REACH"	Registration, Evaluation, Authorization, and Restriction of Chemicals, an EU regulation governing the safe use of chemical substances in products.
"RoHS"	Restriction of Hazardous Substances, a European Union directive that limits the use of specific hazardous materials in electrical and electronic products.
"R&D"	research and development.
"segmented concentrated winding"	a motor winding technique that improves efficiency and power density by concentrating windings in specific stator segments.
"thermal runaway"	a condition in which a battery cell experiences uncontrolled temperature increase, potentially leading to fire or explosion.
"UL certification"	a safety certification issued by Underwriters Laboratories that verifies products meet established standards for electrical, fire and mechanical safety; often required for electrical and electronic components to demonstrate compliance with recognized safety performance criteria.
"vacuum potting"	a process in which components, such as motors, are encapsulated in resin under vacuum to enhance durability, insulation, and environmental resistance.

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This Document includes forward-looking statements. All statements other than statements of historical facts contained in this Document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following: (i) our ability to successfully implement our business plans and strategies; (ii) future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand; (iii) general political and economic conditions of jurisdictions in which we operate; (iv) our business operations and prospects; (v) our capital expenditure plans; (vi) weather, natural disasters and climate change; (vii) the actions and developments of our competitors; (viii) our financial condition and performance; (xi) capital market developments; (x) our dividend policy; (xi) any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and (xii) various business opportunities that we may pursue.

An investment in our H Shares involves various risks. You should carefully consider all the information in this Document and in particular the risks and uncertainties described below before making an investment in our H Shares. The following is a description of what we consider to be our material risks. The occurrence of any of the following risks could materially and adversely affect our business financial condition and results of operations. If any of these events occurs, the [**REDACTED**] *of our H Shares could decline and you may lose all or part of your investment.*

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The mica product market in the new energy sector is highly competitive, and we may not compete effectively.

The mica product market in the new energy sector is highly competitive and rapidly evolving, characterized by high technical barriers, evolving industry standards and increasingly stringent regulatory requirements. According to Frost & Sullivan, the global and China market sizes are expected to reach RMB4.7 billion and RMB3.9 billion in 2025, respectively, and further grow to RMB14.7 billion and RMB12.1 billion in 2030, representing CAGRs of 26.2% and 24.9% from 2026 to 2030, respectively. This sector demands continuous innovation in material science, process engineering and application development, as well as close integration with applications in NEVs and energy storage systems. We face intense competition from established global and domestic mica-based composite material suppliers, as well as leading manufacturers in related sectors who are developing proprietary technologies and products in-house. The continuous emergence of new entrants and disruptive technologies further intensifies competition. In addition, downstream customers' increasing tendency towards vertical integration and the industry's shift towards customized, system-level products may reshape the competitive landscape and reduce our market opportunities.

To maintain our competitive position, we must invest significantly in R&D. During the Track Record Period, our R&D expenses amounted to RMB45.1 million, RMB61.3 million, RMB65.5 million, RMB26.4 million and RMB47.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 39.4%, 44.1%, 37.3%, 35.6% and 38.8% of our total operating expenditure. We must also enhance our intellectual property portfolio and rapidly adapt to changing customer demands and technological trends. The development and commercialization of mica-based composite materials and related products require substantial capital investment and long lead times, and there is no assurance that our efforts will result in market success. Many market opportunities remain in early stages, making it difficult to predict customer demand or penetration rates. Failure to innovate, adapt to industry changes, or accurately forecast customer needs could result in loss of market share and have a material adverse effect on our business, financial condition and results of operations.

If we cannot timely and cost-effectively develop advanced technologies and products that satisfy evolving requirements, our business and financial performance would be materially harmed.

Our future business, financial condition, results of operations and competitive position depend on our ability to efficiently and promptly develop high-performance mica-based composite materials and related products and key precision structural components, including advanced insulation materials and precision structural components, that meet evolving market demands, customer requirements and regulatory standards.

Developing innovative mica-based composite materials and related products and key precision structural components requires deep expertise in material science, process engineering, product design and application development. We may encounter significant technical or production challenges and delays in developing or launching new products, including supply chain disruptions, quality control issues, and the complexity involved in integrating new materials or technologies into existing systems and processes. To remain competitive, we must continue to: (i) design innovative, high-performance and reliable products that differentiate us from competitors; (ii) collaborate effectively with customers and strategic partners on new designs and customization; (iii) respond swiftly to technological changes and competitor offerings; and (iv) adapt to shifting customer preferences, market conditions and regulatory standards across different regions and application scenarios in a timely and cost-effective manner.

Rapid changes in technology or regulation could significantly impact our business prospects. Failure to adapt to such changes may harm customer relationships, lead to loss of business and erode our position as a trusted partner across industry value chain. There is no assurance we can keep pace with technological evolution, recoup development costs, or adapt our products to meet emerging requirements efficiently. If we experience delays or fail to develop and launch new technologies or products as expected, our ability to meet customer needs or expand into new markets, including robotics and other new industrial sectors, may be compromised, which could materially and adversely affect our business, financial condition, results of operations and competitive position.

If the NEV sector adopts alternative battery technologies or insulation materials, or alternative thermal protection and insulation solutions become more competitive, the demand for our mica-based composite materials and related products may be materially and adversely affected.

Our mica-based composite materials and related products are designed to meet the insulation and safety requirements of NEVs. Should industry standards or our customers shift toward insulation products that offer lower cost, superior performance, or greater sustainability, or benefits enabled by new battery technologies, our products may be displaced or rendered obsolete in key market segments. We also face competition from alternative thermal protection and insulation materials and solutions used in battery systems, which may include flame-retardant foam, aerogel felt, and ceramicized silicone rubber. Depending on the relevant application scenario, such alternatives may offer different trade-offs from mica-based composite materials in terms of thermal insulation, flame resistance, electrical insulation, thickness, weight, cost, availability and ease of integration.

The rapid development of substitute materials and battery technologies could further weaken our competitive position and compress pricing power. The competitiveness of mica-based composite materials relative to such alternatives may also vary depending on battery cell format, battery pack design, performance requirements, safety standards, customer preferences and supply conditions. Failure to anticipate or respond effectively to these technological changes may result in loss of market share, margin pressure, and declining demand. Advances in battery system architecture or changes in vehicle design could also reshape traditional insulation requirements, further impacting our core markets.

Our historical growth may not be indicative of our future performance.

Our historical rapid growth may not necessarily represent or guarantee our future results of operations. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue was RMB800.3 million, RMB1,134.8 million, RMB1,375.8 million, RMB572.5 million and RMB898.4 million, respectively. Going forward, our business performance may be affected by various factors, including market conditions, technological advancements in the industry and changes in customer demand, which could lead to fluctuations or declines in our revenue, profitability and market share. Accordingly, investors should not rely solely on our historical growth as an indicator of future performance. If we fail to sustain growth or effectively address potential challenges, our business, financial condition and results of operations could be adversely affected.

Any unexpected disruption at our production facilities could significantly impact our ability to deliver customized products, thereby adversely affecting our business, financial condition and results of operations.

Our production operations are concentrated in several key bases, both within China and internationally, which collectively support the manufacturing, assembly and quality control of our core mica materials and precision structural components. These facilities are integral to our ability to fulfill customer orders, maintain production schedules and respond to market demand in a timely manner.

The uninterrupted operation of our production bases depends on a variety of factors, including the availability of skilled personnel, stable supply of raw materials and utilities, effective maintenance of equipment and compliance with relevant safety and environmental regulations.

Our facilities remain exposed to a range of operational risks, including natural disasters such as earthquakes, floods or fires, industrial accidents, equipment malfunctions, power or utility outages, supply chain disruptions and other unforeseen events. Should any of our production bases experience a significant interruption or shutdown, we could face delays in fulfilling customer orders, increased operational costs and potential loss of revenue. Such disruptions may also damage our reputation, erode customer trust and result in the loss of business opportunities. The costs associated with repairing or replacing damaged facilities or equipment may be substantial and could exceed the limits of our insurance coverage. In addition, we supplement our in-house manufacturing capacity by engaging third-party manufacturers for certain components. Any operational issues, quality failures, or supply delays at these third-party partners could further compromise our ability to deliver products on schedule and to the required standard.

We are exposed to risks associated with our global presence and will continue to be subject to such risks as we continue to expand our business overseas. Changes to the global economic environment as well as diplomatic and trade relationships could result in fluctuations to the demand for our products.

Our international business may be affected by changes in political and economic relations between countries, sanctions and export controls imposed by government authorities and other geopolitical challenges, including but not limited to economic and labor conditions, increased tariffs, taxes, export restrictions and other trade protection measures. During the Track Record Period, our products sold to customers outside Chinese mainland were primarily concentrated in strategic markets such as Asia, Europe and Americas. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, revenue generated from overseas markets accounted for 40.6%, 50.5%, 46.6%, 47.8% and 47.2% of our total revenue, respectively.

Trade barriers, such as the recent additional tariffs imposed by the U.S. government on major trading partners including China, or anti-dumping measures, may affect the margins on sales of our products, weaken the price competitiveness of our products and suppress customer demand. Since early 2025, the U.S. government has implemented a series of tariffs on imports from China, with rates peaking at 145% in April 2025. Following several rounds of tariff adjustments and the ruling by the U.S. Supreme Court, during the Track Record Period and as of the Latest Practicable Date, the additional cumulative U.S. tariffs applicable to our products generally ranged from 20% to 37.5%. Such tariffs mainly comprised Section 301 tariffs of either 7.5% or 25% and a 12.5% Section 301 Forced Labor Tariff, as applicable. In addition, only three types of our products, in addition to being subject to the applicable 25% Section 301 tariff, may also be subject to additional Section 232 tariffs ranging from 25% to 50%, depending on their material composition and applicable tariff classification. These tariff policies remain subject to rapid changes, and we cannot predict how tariff measures in various jurisdictions may further evolve or anticipate the potential impact of subsequent policy adjustments on our business. If customers reduce their orders, or if we are required to adjust our pricing strategies due to changes in competitive dynamics, our business, financial condition and results of operations will be adversely affected.

The United States and other jurisdictions or organizations, including the EU, the United Nations, the United Kingdom and Australia, have, through executive orders, legislation or other regulatory means, implemented measures that impose economic sanctions and export controls against such countries or against targeted industry sectors, companies, entities and/or organizations and individuals within such countries. During the Track Record Period, our products were sold to non-sanctioned customers located in jurisdictions subject to international sanctions. In addition, we engaged in certain limited transactions with customers or suppliers that were designated on applicable sanctions or restricted-party lists during the Track Record Period. See "Business — Business Activities Subject to International Sanctions."

Geopolitical and trade conflicts like this may also lead to volatility in financial markets, fluctuations in currency exchange rates and increased procurement costs. In extreme cases, such conflicts could result in economic downturns that materially and adversely affect our operations. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if any government takes retaliatory trade actions due to recent global trade tensions, such changes could have an adverse effect on our business, financial condition and results of operations.

Likewise, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets, or affect our supply chain. As the sanctions, trade and export controls laws and regulations continue to expand and evolve, future sanctions and export controls may affect or target some of our customers or suppliers, raw

materials or key components or technologies necessary for our operations, in which event our business may be adversely affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us.

We are subject to the risk of customer concentration, and our revenue could be adversely affected if we lose or are prevented from selling to any of our top customers.

Our customers primarily comprise leading NEV manufacturers and battery manufacturers. Our business model requires close collaboration with these customers throughout product definition, validation and mass production, resulting in a concentrated revenue base. In 2023, 2024, 2025 and the six months ended June 30, 2026, our revenue from the five largest customers in each year/period during the Track Record Period was RMB333.9 million, RMB480.7 million, RMB585.1 million and RMB428.5 million, respectively, accounting for 41.7%, 42.3%, 42.5% and 47.7% of our total revenue, respectively. In the same year/period, our revenue from the single largest customer in each year/period during the Track Record Period was RMB86.2 million, RMB140.8 million, RMB191.1 million and RMB103.5 million, accounting for 10.8%, 12.4%, 13.9% and 11.5% of our total revenue, respectively. See "Business — Our Customers."

Customer decisions may be influenced by factors beyond our control, including macroeconomic conditions, changes in NEV demand, internal policy adjustments, cost optimization initiatives, in-house development plans, delays in model launches or supply chain restructuring. Changes in their product strategies, sales performance, platform cycles or supplier selection criteria may directly affect our order volume and production planning. The loss of a major customer, reduction in orders or delays in customer production schedules could lead to significant fluctuations in our revenue and profitability. Securing new customers or replacing lost business may require substantial time and resources and may not fully offset the impact of reduced orders from existing customers. Any such developments could adversely affect our business, financial condition and results of operations.

Any failure to maintain high standards of technical support, customization, or ongoing service could undermine our customer relationships.

We primarily serve customers in NEV, home appliance, cable and robotics by providing customized mica-based composite materials and related products and key precision structural components. Our collaboration with key customers typically begins at the product development stage, requiring us to closely align with their technical requirements and project timelines. As our business continues to grow and our customer base becomes increasingly diverse, we face rising demands for tailored products, rapid response and comprehensive after-sales service, which increases the complexity of project integration, technical support and service delivery. We maintain long-term partnerships with many core clients, which require us to consistently deliver high-quality service and technical support throughout the product lifecycle.

If we fail to expand our service capacity, recruit and retain qualified personnel, or establish a robust support system capable of addressing the diverse and complex needs of our customers, we may experience inadequate or delayed responses to customer requests. This could result in customer dissatisfaction, negative publicity, reduced repeat business and loss of market share. Unresolved service issues may escalate into complaints, warranty claims, or legal disputes, further impacting our reputation and operational performance.

Furthermore, our ability to maintain close technical collaboration and respond promptly to evolving customer needs and product iteration requirements is critical to sustaining customer confidence and future cooperation opportunities. Any failure to maintain high standards of customer service may materially and adversely affect our business, financial condition and results of operations.

Products that fail to meet their specifications or are defective could lead to safety issues, product recalls, liability claims or loss of business.

As a provider of advanced high-temperature resistant mica-based composite materials and related products and key precision structural components for applications in NEVs, home appliances, cables and robotics, our products are often essential to the safety, reliability and performance of our customers' systems. Any undetected defects, quality issues, or serious errors in our products could result in safety incidents, product recalls, liability claims, or regulatory penalties, which may have a material adverse effect on our business, financial condition and reputation.

We may not be able to eliminate all risks of defects or errors. If any of our products are found to have safety-related issues or fail to perform as expected, we may be required to conduct recalls, provide replacements or repairs, or face product liability claims and regulatory sanctions. Such events could result in significant financial costs, loss of customer trust, reputational damage and a decline in market share. Furthermore, negative publicity or concerns regarding the safety and reliability of our products could adversely affect our relationships with key customers and business partners.

We have made and expect to continue making significant investments in R&D, which may negatively affect our profitability and operating cash flow, and there is no guarantee that these investments will achieve the desired outcomes.

Our ability to maintain technological competitiveness in mica-based composite materials and related products and key precision structural components depends on sustained investment in R&D. During the Track Record Period, our research and development expenses amounted to RMB45.1 million, RMB61.3 million, RMB65.5 million, RMB26.4 million and RMB47.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 39.4%, 44.1%, 37.3%, 35.6% and 38.8% of our total operating expenditure for the respective periods. See "Business — Research and Development." We expect to continue expanding these efforts as downstream requirements evolve and new performance standards emerge. These expenditures may increase our operating costs and reduce profitability and operating cash flow, particularly during periods of product transition.

R&D activities involve inherent risks, including uncertainties in technical feasibility, unexpected engineering challenges, extended validation timelines and changes in customer specifications. Commercial success depends on market acceptance, cost competitiveness and alignment with customer project schedules, all of which are subject to external factors beyond our control. Newly developed technologies may not achieve the performance, reliability or cost targets anticipated and may require further investment before commercialization. Failure to deliver commercially viable products in a timely manner or to recover R&D costs through future sales may adversely affect our business, financial condition and results of operations.

In addition, emerging technologies may render our existing or developing technologies or products obsolete or less competitive, limiting our ability to recover related development costs and potentially leading to declines in revenue, profitability and market share. Our R&D efforts may not contribute to our results of operations for several years, if at all, and such contributions may fall short of expectations or fail to cover the associated costs, which could materially and adversely affect our business, results of operations, financial condition and competitive position.

If we are unable to attract, hire, retain and motivate our senior management, key engineers and employees, our business may be harmed.

Our business and ongoing innovation depend on the expertise and stability of our senior management, technical leaders and skilled employees, particularly those engaged in R&D, product engineering and project management. Our R&D personnel collectively possess substantial experience in product development and industrial applications. Intense competition for highly qualified personnel in our industry may make it difficult to attract and retain top talent. If our key management or technical staff were to leave the company or join competitors, our ability to advance core technologies, deliver customized products and maintain customer relationships could be significantly compromised. Changes in our management team or loss of key engineers may disrupt our business operations and delay product development.

External factors such as labor market conditions, rising compensation expectations and evolving employment regulations may further increase the cost and complexity of maintaining a stable and capable workforce. If we fail to recruit, retain, or motivate qualified personnel, or if our compensation programs and workplace culture cease to be viewed as competitive, our ability to innovate and execute our business strategy may be weakened. Any such event could materially and adversely affect our business, financial condition, results of operations and competitive position.

We may not be able to effectively identify or pursue targets for acquisitions, and we may not be able to successfully integrate businesses we acquire, which may cause us to lose anticipated benefits from such acquisitions.

We may seek to expand our business and enhance our technological capabilities through acquisitions of companies or businesses that complement our existing operations. However, there is no assurance that we will be able to identify suitable acquisition targets or complete acquisitions on favorable terms, in a timely manner, or at all. The process of identifying, evaluating and executing acquisitions is time-consuming and costly and may involve uncertainties and risks, including difficulties in conducting comprehensive due diligence and identifying all potential risks. Our acquisition activities involve significant risks and uncertainties, including difficulties in identifying suitable targets, conducting due diligence, negotiating and completing transactions on acceptable terms, and integrating acquired businesses, technologies, personnel and systems. We may be unable to realise the anticipated benefits, synergies, cost savings or efficiencies, and any failure to integrate or manage acquired businesses could adversely affect our business, financial condition and results of operations. In addition, we may face valuation risk and may overpay for targets, and the actual performance of any acquired business may differ materially from our expectations.

Even if we successfully acquire new businesses, integrating their operations with our existing business may present significant challenges. These may include: (i) failure to realise the anticipated commercial or strategic benefits underlying the acquisitions; (ii) limited or delayed realisation of expected synergies; (iii) lower-than-expected cost savings or operational efficiencies, or delays in achieving such cost savings or efficiencies; (iv) failure to generate the

expected revenues, profitability or returns, or the incurrence of operating losses during or after the integration process; (v) potential ongoing financial obligations and undisclosed liabilities; (vi) inability to apply our business model or standardized procedures to acquisition targets; (vii) difficulties in integrating acquired operations, personnel and systems; (viii) challenges in adapting to new administrative and regulatory environments; (ix) failure to achieve intended objectives, synergies, or revenue-enhancing opportunities; (x) failure to protect and maintain acquired intellectual property rights; and (xi) diversion of management attention and resources from our core business.

If we are unable to effectively identify, pursue, or integrate acquisition targets, we may not realize the anticipated benefits of such acquisitions, which could adversely affect our business, financial condition, results of operations and growth prospects.

Our reliance on third-party suppliers for production materials may expose us to risks relating to supply chain disruptions, quality control or non-compliance, which may harm our business.

As a company engaged in the research, development, production and sale of mica-based composite materials and related products and key precision structural components, our operations are highly dependent on the stable and timely supply of key raw materials and production materials, including different types of mica, resin-based adhesive systems, adhesive tapes and foams, glass fiber cloth, chemical raw materials, and production equipment from third-party suppliers, both domestic and international. Our supply chain may be adversely affected by global raw material shortages, geopolitical tensions, trade restrictions, natural disasters or other unforeseen events. In particular, the supply of mica ore may be affected by mining regulation, permit requirements, environmental and labor compliance issues, export procedures or logistics disruptions in the jurisdictions where such ore is sourced, which could adversely affect our raw material procurement, production and results of operations.

Any significant disruption in the supply of key raw materials or components, or a substantial increase in their costs, including changes in the availability or pricing of different types of mica and resin-based adhesive systems used in our mica-based composite materials, could result in production delays, increased manufacturing expenses, an inability to fulfill customer orders, or the need to adjust product formulations or sourcing arrangements. Changes in the types of mica or resin systems used in our mica-based composite materials may also affect product performance, including fire resistance and high-temperature resistance, while changes in adhesive content would generally not materially affect such performance but may affect product strength and structural integrity. If we are unable to maintain consistent product performance or meet customer specifications, including as a result of changes in raw material composition or supplier quality, our business operations, financial condition, results of operations and future prospects could be materially and adversely affected. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our material costs were RMB236.4 million, RMB419.2 million, RMB483.5 million, RMB189.2 million and RMB334.3 million, respectively. In particular, the proportion of our material costs attributable to adhesive tapes and foams increased significantly from 14.1% in 2023 to 30.3% in 2024 and 33.4% in 2025, while the proportion attributable to mica decreased from 28.5% in 2023 to 23.2% in 2024 and 20.8% in 2025. The proportion of our material costs attributable to adhesive tapes and foams increased from 30.5% in the six months ended June 30, 2025 to 34.8% in the six months ended June 30, 2026, while the proportion attributable to mica decreased from 21.1% in the six months ended June 30, 2025 to 17.1% in the six months ended June 30, 2026. The loss of major third-party suppliers may require us to make product design adjustments, experience delivery delays, or miss opportunities to access critical technologies, which could negatively impact the

quality of our products, delivery timelines and brand reputation. Furthermore, if we are unable to effectively control procurement costs or pass them on to customers due to competitive pressures, our profitability and operational efficiency may also be adversely affected.

Failure to successfully implement our business plans and strategies, including our production expansion initiatives, could materially and adversely affect our operations and prospects.

As our business grows, we may need to expand production capacity by adding new lines, upgrading facilities, or establishing new bases. However, we cannot assure you that such expansion will be completed on time or at all, or that the expanded capacity will meet future demand. Challenges such as funding constraints, regulatory approvals, site selection and sourcing of equipment and materials may arise. Shortages of skilled personnel or unforeseen factors affecting construction progress could further delay completion.

In addition, our ability to achieve our strategic objectives depends on a variety of factors, including our capacity to adapt to market changes, respond to competitive pressures and effectively allocate resources. If we are unable to execute our business strategies as planned, we may lose market opportunities, fail to capture anticipated synergies, or be unable to respond promptly to evolving industry trends. Even if expansion is achieved, inaccurate demand forecasts or reduced customer demand could lead to excess capacity and underutilization, adversely impacting profitability. Moreover, if we fail to execute our broader business strategies as planned, our growth objectives may not be achieved, and our business, financial condition, results of operations and prospects may be materially and adversely affected. See "Business — Our Strategies." and "Future Plans and Use of [**REDACTED**]."

We recently launched our precision structural component business for robotics. If our new business expansion plan is not successful, our business, prospects and growth momentum may be materially and adversely affected.

We have recently launched our precision structural component business for robotic applications and continue to execute various strategies to expand our business, including increasing investment in R&D for core technologies and products, expanding into global markets and diversifying product application scenarios. However, business expansion involves risks and challenges. These new initiatives are still in the exploratory stage and some may ultimately prove unsuccessful. It may take longer than expected to develop the necessary technologies and establish market acceptance for new products and we may lack sufficient experience in effectively executing these initiatives.

We cannot assure you that these new businesses will achieve the anticipated market acceptance or deliver the desired outcomes. If our efforts fail to enhance commercialization capabilities, we may be unable to maintain or increase revenue or recover related costs, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

We may be involved in legal proceedings and disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We may be involved in legal proceedings and disputes, which could have a material adverse impact on our reputation, business, results of operations and financial condition. We may become involved in legal proceedings and commercial or contractual disputes in the ordinary course of business. We cannot assure you that we will not be involved in various legal

proceedings and other disputes in the future, which may expose us to additional risks and losses. In addition, we may be required to pay legal fees related to such disputes, including costs associated with appraisal, auction, enforcement and legal advisory services.

Litigation and other disputes may lead to inquiries, investigations and lawsuits by regulatory authorities and other government agencies, and may result in reputational damage, increased operating costs and diversion of resources and management attention from our core business. Business disruptions caused by judgments, arbitration and legal proceedings against us, or adverse litigation outcomes against our directors, senior management, or key employees, may materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights or prevent others from unauthorized use of our technology and intellectual property rights, which could harm our business and competitive position and also make us subject to litigations brought by third parties.

Our success depends significantly on our ability to protect our proprietary technologies through intellectual property rights, particularly patents. See "Business — Intellectual Property." There is no assurance that we will be able to apply for and obtain new intellectual property rights in a timely or cost-effective manner. The application process can be expensive and time-consuming and, for filings across multiple jurisdictions, may involve additional complexity due to differing standards and interpretations. Consequently, the scope of protection and the commercial value of our intellectual property portfolio may be affected.

A portion of our proprietary technologies, processes, and expertise is protected primarily through trade secrets rather than patents. Protection of trade secrets depends on our ability to maintain adequate confidentiality procedures and internal controls, as well as the effectiveness of contractual protections with employees and business partners. Such measures may not always be sufficient to prevent unauthorized disclosure or misappropriation, whether due to breaches of contractual obligations, cyber incidents, human error, or other unforeseen events. Once disclosed, we may be unable to re-establish trade secret protection, and competitors may gain access to or independently develop similar technologies. Any erosion of our trade secret protection could diminish our competitive position and the commercial value of our proprietary technologies.

We may also face risks arising from third parties infringing, misappropriating, or otherwise violating our intellectual property rights. Monitoring unauthorized use of our intellectual property can be difficult and costly, particularly across multiple jurisdictions, and we may not detect infringements promptly, if at all. Even when detected, enforcing our rights may require significant time and resources and may not ultimately be successful due to uncertainties in legal standards, evidentiary burdens, and judicial interpretations in different markets. As a result, our ability to maintain exclusivity, competitive advantages, and the commercial value derived from our intellectual property may be compromised.

In addition, we cannot assure you that our products, technologies, or business operations will not inadvertently infringe, misappropriate, or otherwise violate the intellectual property rights of third parties. The intellectual property landscape in our industry is complex and continually evolving, and third-party rights may not always be publicly available, clearly identifiable, or consistently interpreted across jurisdictions. As a result, we may face allegations or claims of infringement. Responding to such claims could require substantial financial and managerial resources, and we may be required to procure licenses on unfavorable terms, modify or cease certain products or services, or engage in protracted legal proceedings.

Our insurance coverage may be insufficient to cover all customer losses or potential claims, which could adversely affect our business, financial condition and results of operations.

Our business is exposed to various risks that may not be adequately covered, or covered at all, by insurance. We cannot assure you that no product liability claims or other litigation will be brought against us, nor can we guarantee that we will be able to obtain product liability insurance or other relevant insurance on acceptable terms. If we suffer significant losses or liabilities due to fire, explosion, flood, or other natural disasters, disruptions to our network infrastructure, production facilities, or business operations, or any major litigation, our results of operations may be materially and adversely affected. Our current insurance coverage may be insufficient to prevent us from incurring losses, and we cannot be certain that we will be able to successfully claim compensation for our losses in a timely or full manner under our existing policies. If we are held liable for uninsured losses or claims that exceed our insurance limits, our business, financial condition and results of operations may be materially and adversely affected.

Labor relations, talent acquisition and rising workforce costs may materially affect our operations and financial performance.

Labor relations, talent recruitment, and rising labor costs may have a significant impact on our operations and financial performance. Our ability to attract, retain and motivate qualified talent is critical to our continuous innovation, product quality and market competitiveness. If employees engage in strikes or other work stoppages, our operations may be severely disrupted, or lead to sustained increases in labor costs, which could adversely affect our business, financial condition and results of operations.

Competition for highly skilled talent within the industry is intense, and we cannot guarantee that, as our business develops or market conditions change, we will be able to continuously recruit or retain personnel for key positions. In addition, rising labor costs, changes in employment regulations, or labor disputes may increase our operating expenses or disrupt production and R&D activities. Any deterioration in labor relations, inability to attract or retain core talent, or significant increases in labor costs could adversely affect our business operations, financial condition and results of operations.

Our business may be materially and adversely affected by force majeure events, natural disasters, or outbreaks of infectious diseases.

Any future occurrence of force majeure events, natural disasters, or epidemics and outbreaks of infectious diseases could materially and adversely impact our business, financial condition and results of operations. The outbreak of epidemics or infectious diseases may lead to widespread health crises and restrict business activities in affected regions, which could significantly disrupt our operations. In addition, natural disasters such as snowstorms, earthquakes, fires and floods may cause substantial damage to our production facilities, equipment and inventory, resulting in production delays, inventory shortages and obsolescence, thereby increasing our impairment losses and repair or replacement costs. These events may also lead to power outages, communication disruptions and transportation interruptions, further hindering our business operations.

Any failure by third parties with whom we conduct business to comply with regulatory standards and requirements may disrupt our operations, damage our reputation and adversely affect our results of operations.

Third parties with whom we conduct business, such as suppliers and other business partners, may be subject to regulatory penalties or sanctions for non-compliance with applicable laws and regulations, or may infringe upon the legal rights of other parties, which could directly or indirectly disrupt our operations. Prior to entering into contractual relationships with third parties, we review legal documentation and certifications and implement measures to mitigate risks arising from potential breaches of contract by such third parties. However, we cannot guarantee that these third parties will not violate any regulatory requirements or infringe upon the legal rights of other parties.

We cannot rule out the possibility of incurring liabilities or losses due to non-compliance by third parties. We cannot assure you that we will be able to identify non-compliant or improper conduct in the business practices of third parties with whom we engage, or that such conduct will be promptly and appropriately rectified. Any legal liabilities or regulatory actions involving third parties relevant to our business may affect our operations and reputation and in turn, may have a material adverse impact on our business, reputation, financial condition and results of operations.

We may be required to make additional contributions to the social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to social insurance and housing provident funds for certain employees as required by relevant PRC laws and regulations. We estimate that the shortfall of social insurance and housing provident fund contributions in 2023, 2024, 2025 and the six months ended June 30, 2026 was approximately RMB7.5 million, RMB9.9 million, RMB15.5 million and RMB7.9 million. Please see "Business" — Employees." An employer that has not made social insurance contributions in full and on time as prescribed by law may be ordered by social insurance contribution collection institutions to rectify and pay the required contributions within a stipulated deadline and be subject to a late payment fee. If the employer fails to rectify within the stipulated deadline, it may be subject to a fine. In addition, an employer that has not made housing provident fund contributions at the rate and based on the amount prescribed by law, or at all, may be ordered by the housing provident fund management center to rectify the noncompliance and pay the required contributions within a stipulated deadline. If the employer fails to rectify within the stipulated deadline, the management center may apply to the court for compulsory enforcement. We cannot assure you that the competent authorities will not require us to pay the outstanding amount and impose late payment fees or fines in the future. If we are subject to complaints or investigations related to non-compliance and are required to make additional contributions, late payments, or fines, our labor costs could increase, which may adversely affect our business, financial condition, results of operations and prospects.

Any unfavorable changes to our lease arrangements or any defects or delays associated with our land use rights could adversely affect our business and financial performance.

As of the Latest Practicable Date, we leased six properties in China with an aggregate gross floor area of approximately 40,939 sq.m., which were primarily used for office, production and warehouse purposes. The leases generally have a term ranging from three to eight years. If any lease is not renewed, if there is a substantial increase in rent or if a third party challenges our leasehold interests, our business and financial performance may be affected. Because we lease properties in various locations for office, production and

warehousing purposes, our operations are susceptible to fluctuations in the property rental market. Before the expiration of each lease, we must negotiate renewal terms with the respective landlords. There is no assurance that our existing leases will be renewed on the same or favorable terms, particularly regarding rent amounts and lease terms. Any substantial increase in the rent of our leased properties may increase our rental and related expenses, which could materially and adversely affect our profitability. Similarly, there is no assurance that our existing leases will not be terminated by the landlords before the expiration of the relevant term.

During the Track Record Period and up to the Latest Practicable Date, we had not completed the registration of lease agreements for five of our leased properties in China. The lack of registration does not affect the validity of the lease agreements or require us to vacate these properties, but we may be ordered by the relevant authorities to complete the registration within a specified period and may be subject to fines ranging from RMB1,000 to RMB10,000 for each lease agreement that is not registered within the specified period. Any such penalties or requirements could have an adverse effect on our operations. See "Business — Properties — Leased Properties."

We are required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data or failure to comply with applicable laws and regulations could have a material and adverse effect on our business and prospects.

Our operations involve the collection, processing and storage of certain operational and technical data. We also collect personal information for internal administration and for business dealings with customers and suppliers. We have established a comprehensive data compliance system, which includes confidentiality undertakings, encryption protocols, antivirus software, access control mechanisms and audit logging, to safeguard sensitive information and ensure compliance with evolving regulatory requirements.

During the Track Record Period, we did not engage in cross-border data transactions and are not classified as a network platform operator processing personal information of over one million users or an operator of critical information infrastructure under the Cybersecurity Review Measures. Based on consultation with our data compliance advisor, during the Track Record Period and up to the Latest Practicable Date, we were in material compliance with the PRC laws and regulations relating to cybersecurity, data security and privacy protection, and had not been involved in any material violations, including the unlawful collection, use or provision of data. In addition, except for the cross-border transfer of personal information for the purpose of the [**REDACTED**], we had not conducted any data processing activities outside the PRC. However, with the increasing global focus on data privacy and cybersecurity and potential new laws and regulations introduced by the PRC legislature, our data management practices may face heightened scrutiny and additional compliance costs.

In addition, unauthorized access, cyberattacks, or data breaches could compromise our proprietary technologies, disrupt our operations, damage our reputation and result in the loss of customer trust. As we continue to expand our business and digital capabilities, we expect to face increasing challenges and costs in maintaining robust data compliance and cybersecurity measures.

Any malfunctions of the operational systems, security systems, information technology infrastructure and integrated software in our products and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business and materially affect our customers' trust in our products.

The efficient operation of our business depends on the smooth and efficient operation of the information technology systems. These enterprise systems encompass core operational domains including inventory management, production processes, quality assurance, internal collaboration and operational oversight. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems.

Such systems are subject to certain risks, such as malfunction, natural disasters and cybersecurity risks. Our cybersecurity measures may not detect or prevent all attempts to compromise our information technology systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our information technology systems or that we otherwise maintain.

Breaches of our cybersecurity measures could result in unauthorized access to our information technology systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our information technology system, which may materially and adversely impact our business and financial condition.

As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against these attacks. Any disruption to our information technology systems may cause interruptions in manufacturing capacity and maintenance of proper business operations and may cause further adverse impact on our reputation and the perception of our product quality.

We cannot guarantee that any disruption to our information technology systems or any system security risks will not occur in the future or that we could repair or replace information technology systems in a timely and cost-effective manner, all of which could adversely affect our business, financial condition and results of operations.

Negative publicity or rumors about us, our products, our management, directors, employees, shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

Our reputation and brand image are critical to our business development. However, any negative news, rumors, or false reports concerning us, our products, management, directors, employees, shareholders, customers, business partners or their affiliates, or the industry as a whole, could undermine public trust in us, resulting in customer attrition, disruption of business relationships, or a decline in market share. We cannot guarantee that we can completely prevent or promptly respond to the dissemination of such negative information. If such events occur, they may trigger regulatory investigations, legal proceedings, or other adverse consequences and could materially and adversely affect our business, financial condition and results of operations.

We are required to obtain, maintain, renew or comply with required approvals, licenses, permits and certifications, failure of which would adversely affect our operations.

We are required to obtain, maintain, renew or comply with required approvals, licenses, permits and certifications for our operations. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and reassessment by relevant authorities, and the standards for such renewals and reassessments may change in the future. We cannot guarantee that we will be able to successfully maintain or renew our existing permits, licenses, or other regulatory approvals, or obtain the necessary permits, licenses, or other approvals required for our future business operations in a timely manner. If at any time we fail to obtain the necessary renewals or otherwise maintain all approvals, licenses, permits and certificates required for our business, our operations may be severely disrupted, which could materially and adversely affect our business, financial condition and results of operations. We cannot assure you that the government authorities with jurisdiction over our business activities will not revoke or substantially alter our licenses, permits, or approvals, nor can we assure you that our licenses, permits, or approvals will not be challenged or questioned in the future.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, financial condition, results of operations and prospects.

During the Track Record Period, we benefited from government grants, many of which are non-recurring in nature or subject to periodic review. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, the government grants we recognized as other income amounted to RMB15.2 million, RMB12.9 million, RMB18.0 million, RMB10.2 million and RMB5.0 million, respectively. In addition, we enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. For example, we were recognized as a high and new technology enterprise and were entitled to a preferential income tax rate of 15% instead of 25% during the Track Record Period. See Note 10 to the Accountants' Report in Appendix I to this Document.

The authorities may decide to reduce or cancel such grants or preferential tax treatment, or require us to repay part or all of the grants we previously received at any time, which could adversely affect our business, financial condition, results of operations and prospects. As these grants are typically provided on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial condition, results of operations and prospects.

If we fail to maintain appropriate inventory levels or effectively manage our inventory, we may experience lost sales opportunities or inventory overstock, which could adversely affect our financial condition and business operations.

Our inventory primarily consists of raw materials, work in progress, finished goods and goods in transit. As of December 31, 2023, 2024, 2025 and June 30, 2026, our inventories were RMB171.0 million, RMB251.1 million, RMB378.4 million and RMB443.0 million, respectively. We must meet stringent requirements from our customers regarding safety, reliability and delivery timelines and are required to stock inventory in advance to ensure stable supply. If customer demand deviates from our expectations, if project timelines are delayed, or if market or technological conditions change, we may experience inventory build-up. Excess or slow-moving inventories may require write-downs or provisions and may result in higher storage costs, inefficiencies in capital utilization and pressure on our gross

margins. Our ability to manage inventory levels depends on accurate demand forecasting, effective production planning and coordination with suppliers and customers. Any failure in these areas could have a material adverse effect on our business, financial condition and results of operations.

Our relatively long cash conversion cycle may increase our working capital requirements and strain our liquidity.

Due to the nature of our operations, a significant portion of our cash is invested in inventory before being recovered through customer collections. During the Track Record Period, our inventory turnover days were approximately 118 days, 100 days, 125 days and 125 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, which contributed to a relatively long cash conversion cycle when combined with customer credit terms and supplier payment arrangements. A prolonged cash conversion cycle means that cash outflows for procurement and production may precede cash inflows from customers by a significant period of time. This increases our working capital requirements and may exert pressure on our liquidity, particularly during periods of business expansion, inventory build-up in anticipation of orders, or delays in customer payments. If our operating cash flows are insufficient to support our working capital needs, we may need to rely on bank borrowings or other external financing. Any inability to manage our cash conversion cycle effectively could adversely affect our cash flow, financial condition and ability to fund our operations and growth initiatives.

We are exposed to credit risks related to delays in payment and customer defaults, which could adversely affect our liquidity, financial condition, and results of operations.

Our trade and notes receivables primarily arise from sales of products to customers under credit terms in the ordinary course of business. As of December 31, 2023, 2024, 2025 and June 30, 2026, our trade and notes receivables were RMB226.9 million, RMB277.3 million, RMB364.3 million and RMB394.7 million, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, our trade and notes receivables (net of impairment) turnover days were 103 days, 81 days, 85 days and 76 days, respectively.

We may not be able to collect all such receivables due to factors beyond our control, including prolonged payment cycles of certain customers, adverse operating conditions or financial difficulties of customers, and customers' inability to pay caused by delays in payment from their own end users. If customers delay or default on payments, we may need to make impairment provisions and write off the relevant receivables, which would negatively impact our liquidity and financial condition. Payment delays or defaults could result in slower turnover, increased working capital requirements, and liquidity pressure. Disputes arising from payment defaults may be time-consuming and costly, and recovery may not always be successful.

We may need additional capital, but we may not be able to obtain financing on favorable terms or at all.

We expect to incur additional capital expenditure and depreciation and amortization expenses associated with our future plans. Our capital expenditure amounted to RMB54.2 million, RMB103.7 million, RMB237.9 million, RMB77.8 million and RMB125.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, mainly including the purchase of property, plant and equipment and intangible assets. We plan to (i) expand global production capacity and build intelligent manufacturing systems; (ii) strengthen our technology capabilities and expand our business portfolio through strategic investments

and acquisitions, (iii) invest in R&D and innovation for precision components for robotics and safety structural parts for new energy applications; and (iv) strengthen global marketing networks and enhance management efficiency. We expect to incur additional capital expenditure and depreciation and amortization expenses associated with these future plans. Failure to achieve production efficiency and other expected benefits from our future plans could negatively affect our financial condition and results of operations.

Fluctuations in exchange rates may adversely affect our results of operations.

The exchange rate of Renminbi against foreign currencies fluctuates and is affected by, among other factors, changes in international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar, or other currencies in the future. The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar, or any other foreign currency may result in a decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on, our Shares in a given foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations, and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms. Furthermore, remittances of Renminbi into and out of China are subject to strict restrictions.

Our transfer pricing arrangements may be subject to scrutiny by relevant tax authorities in the countries and regions where we operate.

Under the applicable laws and regulations in relevant jurisdictions in which we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, we established subsidiaries in Thailand, Mexico, Vietnam and Singapore to carry out our operations in various countries and regions. We could face material and adverse tax consequences if the relevant tax authorities determine that certain of our intra-group transactions do not represent arm's-length negotiations and consequently adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiry, audit, investigation, or challenge by any relevant tax authorities in the jurisdictions where we operate in relation to our intra-group transactions. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

Changes in economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines could have a material and adverse effect on our business, financial condition and results of operations.

Our operations are exposed to the broader economic, political and social environments of the countries and regions in which we operate. Economic slowdowns, shifts in customer demand, inflationary pressure, fluctuations in interest rates or reduced availability of credit may affect demand for mica-based composite materials and related products and key precision structural components, especially in the NEV sector and other downstream industries, which may in turn influence the procurement plans of our customers and the demand for our products. Political or social changes, adjustments in industrial or environmental policies, increased regulatory scrutiny or evolving local content requirements may also affect our production planning, supply chain continuity or the competitiveness of our products in certain markets. Trade policy adjustments, tariff developments, customs measures and cross-border compliance requirements may create additional operational or financial burdens for companies engaged in international supply chains, including our own. Regulatory changes in areas such as product certification, safety standards, labor policies, taxation or environmental compliance may require us to make additional investments or operational adjustments. Any material deterioration in the economic, political or social environment of the markets in which we operate may adversely affect our business, financial condition and results of operations.

We may be subject to filing, approval or other regulatory requirements of the CSRC or other PRC governmental authorities for our future overseas capital raising activities.

PRC laws and regulations relating to overseas securities offerings and listings by domestic enterprises continue to evolve. Following the [**REDACTED**], if we conduct any future overseas offering of equity or equity-linked securities, debt securities or other capital raising activities that fall within the scope of applicable PRC regulatory requirements, we may be required to complete filing, reporting, approval or other procedures with the CSRC or other PRC governmental authorities.

On February 17, 2023, the CSRC promulgated the Trial Measures for the Administration of Overseas Issuance of Securities and Listing of Domestic Enterprises and the relevant implementation guidelines, which came into effect on March 31, 2023. The Trial Measures and related guidelines set out, among other things, filing requirements and procedures for overseas securities offerings and listings by PRC domestic enterprises. In addition, on February 24, 2023, the CSRC, the Ministry of Finance, the State Secrets Bureau and the State Archives Bureau issued the Provisions on Strengthening the Confidentiality and Archival Management of Domestic Enterprises in relation to Overseas Issuance and Listing of Securities, which came into effect on March 31, 2023 and impose confidentiality and archival management requirements in connection with overseas securities offerings and listings.

As the interpretation, application and enforcement of these rules may continue to develop, we cannot assure you that we will be able to complete any required filing, approval or other regulatory procedures for our future overseas capital raising activities in a timely manner, or at all. If we fail to complete such procedures, or if new rules, interpretations or regulatory practices impose additional requirements on our future financing activities, our ability to raise capital overseas may be delayed, restricted or otherwise adversely affected. This could limit our financing flexibility and may materially and adversely affect our business, prospects, financial condition and the [**REDACTED**] of our H Shares.

You should assess the legal protections you are entitled to under legal system in the jurisdictions where we operate.

The legal system in the PRC is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have limited precedential value. The laws and regulations in the PRC is subject to further revisions or interpretations from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved. Therefore, you should assess the legal protections you are entitled to under legal system in the PRC.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgments obtained from non-Chinese courts.

Most of our Directors and executive officers reside within the PRC, and most of our assets are located within the PRC. Due to the difference in legal systems, it may be difficult for investors to effect service of process within certain jurisdictions outside the PRC upon us or those persons. Furthermore, the recognition and enforcement of a foreign judgment is subject to the satisfaction of certain conditions provided under the applicable PRC law, and the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or certain other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, satisfying the conditions on the recognition and enforcement of a foreign judgment in the absence of treaties providing for the reciprocal recognition and enforcement in China or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult, as is the case in certain other jurisdictions.

On January 18, 2019, the PRC Supreme Court and the government of the Hong Kong Special Administrative Region entered into 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 (the "**PRC-HK 2019 Arrangement**"). Under the PRC-HK 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the PRC-HK 2019 Arrangement. The outcome and effectiveness of any action brought under the PRC-HK 2019 Arrangement will be subject to the further review and verification of the local courts.

Our Company is a PRC enterprise and is subject to PRC tax on our global income, and any gains on the sales of our H Shares by investors and dividends paid to investors on our H Shares may be subject to PRC tax.

Under EIT Law and its implementation rules and subject to any applicable tax treaty or similar arrangement between Chinese mainland and a non-Chinese mainland investor's jurisdiction of residence, dividends from Chinese mainland sources paid to investors that are non-Chinese mainland resident enterprises, who do not have an establishment or place of business in Chinese mainland, or whose relevant income is not effectively connected with such establishment or place of business, are generally subject to a Chinese mainland withholding tax at the rate of 10%. Any gains realized on the transfer of our Shares by such investors are also subject to a 10% Chinese mainland income tax rate if such gains are regarded as income from sources within Chinese mainland, unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within Chinese mainland paid to foreign individual investors who are not Chinese mainland residents are generally subject to a 20% Chinese mainland withholding tax rate, and gains from Chinese mainland sources realized by such investors on the transfer of Shares are generally subject to a 20% Chinese mainland income tax rate, in each case subject to any reduction or exemption under applicable tax treaties and laws in Chinese mainland. According to the Notice on the Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), dividends paid to non-Chinese mainland resident individual holders of H Shares are generally subject to a 10% withholding tax, depending on the existence and terms of tax arrangements between the jurisdictions where the individual holders reside and Chinese mainland, as well as the arrangements between Chinese mainland and Hong Kong. Non-Chinese mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese mainland are subject to a 20% withholding tax on dividends received from us.

If PRC income tax is imposed on gains realized from the transfer of our Shares or on dividends paid to our non-Chinese mainland resident investors, the value of your [**REDACTED**] in our shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with Chinese mainland may not qualify for benefits under such tax treaties or arrangements. As a PRC domestic company with substantial operations, our ability to distribute profits to non-Chinese mainland investors and the after-tax returns of such investors may be materially and adversely affected by changes in PRC tax laws, regulations, or their interpretation and enforcement.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to PRC and Hong Kong [REDACTED] and regulatory requirements.

As we are listed on the Shanghai Stock Exchange and will be [**REDACTED**] on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in complying with both sets of listing rules in the two jurisdictions.

Our A Shares are listed on the Shanghai Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [**REDACTED**] on the Stock Exchange. Under current laws and regulations of Chinese mainland, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible and there is no trading or settlement between the H Share and A Share markets.

The H Share and A Share markets have different trading characteristics with divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our H Shares and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A

Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating your [**REDACTED**] decision regarding our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

As we are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements thereof. However, the information announced by us in connection with our [**REDACTED**] is based on the regulatory requirements of the securities authorities, industry standards and market practices in Chinese mainland, which are different from those applicable to the [**REDACTED**]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this Document. As a result, prospective investors in our H Shares should be reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this Document. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

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

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be maintained following completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us and may not be an indication of the [**REDACTED**] of our H Shares following completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] and [REDACTED] of our H Shares following the [REDACTED] may be volatile, which could result in substantial losses to you.

The [**REDACTED**] and [**REDACTED**] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions for securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the [**REDACTED**] of the shares of other companies engaging in similar business may also affect the [**REDACTED**] and [**REDACTED**] of our Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, the shares of other companies listed on the Stock Exchange have experienced price volatility in the past and the [**REDACTED**] of our H Shares may change that is not directly related to our performance.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under IFRS, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

A future or perceived significant increase in the supply of our H Shares in public markets could cause the [REDACTED] of our H Shares to decrease significantly, and dilute shareholdings of holders of H Shares.

The [**REDACTED**] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [**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 Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. 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 [**REDACTED**] of our H Shares.

In addition, while investors subscribing shares in the [**REDACTED**] are generally not subject to any restrictions on the disposal of the H Shares they subscribed, they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**]. Any sale of the H Shares subscribed by such investors pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could have a material and adverse effect on the market [**REDACTED**] of our H Shares and could cause substantial volatility in the [**REDACTED**] of our H Shares.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

As the [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per share immediately prior to the [**REDACTED**], investors subscribing for our H Shares in this [**REDACTED**] will experience an immediate dilution in the adjusted consolidated net tangible assets per share. Our existing shareholders will benefit from an increase in the adjusted consolidated net tangible asset value per share of their shares. For details, please refer to Appendix II to this Document. In addition, if the [**REDACTED**] exercise the [**REDACTED**], or if we issue additional H Shares in the future to raise further capital, holders of our H Shares may experience further dilution of their interests. Similarly, if the [**REDACTED**] exercise the [**REDACTED**] or we obtain additional capital in the future through equity offerings, holders of our H Shares may be further diluted in their interests.

Certain facts, forecasts and statistics derived from official government sources contained in this Document have not been independently verified and the market opportunity estimates may not be accurate.

Certain facts, forecast and statistics contained in this Document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. However the information from the official government sources were not prepared or independently verified by us, the Sole Sponsor and [**REDACTED**] and, therefore, we make no representation as to the accuracy of such facts forecast and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this Document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

Investors should read the entire Document carefully and should not consider any particular statements in this Document or in published media reports without carefully considering the risks and other information contained in this Document.

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us, our Shares and the [**REDACTED**]. Prior to the publication of this Document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Document, we disclaim responsibility for it and our investors should not rely on such information.

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

This Document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance on them.

In preparation of the [**REDACTED**], the Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Rules 8.12 and 19A.15 of the Hong Kong Listing Rules provide that a new applicant for listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Hong Kong Listing Rules further provides that the requirement in Rule 8.12 of the Hong Kong Listing Rules may be waived by having regard to, among other considerations, the Company's arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

The Company's headquarters are based, and most of the business operations of the Group, are managed and conducted in the PRC. The executive Directors ordinarily reside in the PRC, as the Board believes it would be more effective and efficient for the executive Directors to be based in a location where the Group's substantial operations are located. As such, the Company does not and, in the foreseeable future, will not be able to comply with the requirements of Rules 8.12 and 19A.15 of the Hong Kong Listing Rules for sufficient management presence in Hong Kong.

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

(i) the Company has appointed Mr. ZHENG Minmin and Ms. HO Sze Wah Cecilia (何詩華) ("**Ms. HO**") as the authorized representatives of the Company (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Hong Kong Listing Rules. The Authorized Representatives will serve as the Company's principal channel of communication with the Hong Kong Stock Exchange. They can be readily contactable by phone and email to deal promptly with enquiries from the Hong Kong Stock Exchange and will also be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice. The contact details of the Authorized Representatives have been provided to the Hong Kong Stock Exchange;

(ii) all the Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period. In addition, each Director has provided his/her contact details, including office phone numbers, mobile phone numbers, email addresses and fax numbers (if any), to the Authorized Representatives and to the Hong Kong Stock Exchange, so that each of the Authorized Representatives and the Hong Kong Stock Exchange would be able to contact all the Directors (including the independent non-executive Directors) promptly at all times if and when the Hong Kong Stock Exchange wishes to contact the Directors; and

(iii) the Company has appointed Somerley Capital Limited as its Compliance Advisor for the period commencing on the [**REDACTED**] and ending on the date on which the Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of the Company's financial results for the first full financial year commencing after the [**REDACTED**], or until the agreement is terminated, whichever is earlier. The

Compliance Advisor will act as the Company's additional and alternative channel of communication with the Hong Kong Stock Exchange, and its representatives will be readily available to answer enquiries from the Hong Kong Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Hong Kong Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experiences, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rule 3.28 of the Hong Kong Listing Rules, the Hong Kong 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); and

(iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

Pursuant to Note 2 to Rule 3.28 of the Hong Kong Listing Rules, in assessing "relevant experience", the Hong Kong Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles he played;

(ii) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, 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 under Rule 3.29 of the Hong Kong Listing Rules; and

(iv) professional qualifications in other jurisdictions.

The Company has appointed Mr. CHEN Tao ("**Mr. CHEN**") as one of the joint company secretaries. Mr. CHEN joined the Group in June 2024. He currently also holds the position of finance director and secretary to the Board. See "Directors and Senior Management" in this Document for further biographical details of Mr. CHEN. Although Mr. CHEN does not possess the qualifications set out in Rule 3.28 of the Hong Kong Listing Rules, the Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have Mr. CHEN as its joint company secretary who is familiar with the Group's internal operation and management and possesses professional knowledge and experience in handling corporate governance and compliance, legal affairs and public relationship related matters. The Company has also appointed Ms. HO to act as the other joint company secretary to assist Mr. CHEN in discharging the duties of a company secretary of the Company. Ms. HO is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and is therefore qualified under Rule 3.28 of the Hong Kong Listing Rules to act as a joint company secretary of the Company. See "Directors and Senior Management" for further biographical details of Ms. HO.

Since Mr. CHEN does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Hong Kong Listing Rules, the Company has applied to the Hong Kong 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 Hong Kong Listing Rules for a period of three years since the [**REDACTED**] on the following conditions: (i) Mr. CHEN must be assisted by Ms. HO who possesses the qualifications or experience as required under Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Hong Kong Listing Rules by the Company.

In support of the waiver application, the Company has adopted, or will adopt the following arrangements:

(i) in preparation of the application of the [**REDACTED**], Mr. CHEN has attended training on the respective obligations of the Directors, senior management and the Company under the relevant Hong Kong laws and the Hong Kong Listing Rules organised by the Hong Kong legal advisors to the Company;

(ii) Ms. HO will work closely with Mr. CHEN to jointly discharge the duties and responsibilities as the joint company secretaries and to assist Mr. CHEN in acquiring the relevant experience as required under the Hong Kong Listing Rules for an initial period of three years from the [**REDACTED**], a period which should be sufficient for Mr. CHEN to acquire the relevant experience as required under the Hong Kong Listing Rules;

(iii) the Company will ensure that Mr. CHEN continues to have access to the relevant training and support in relation to the Hong Kong Listing Rules and the duties required for a company secretary of an issuer [**REDACTED**] on the Hong Kong Stock Exchange. Furthermore, both Ms. HO and Mr. CHEN will seek advice from the Company's Hong Kong legal and other professional advisors as and when required. Mr. CHEN also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company; and

(iv) at the end of the three-year period, the qualifications and experience of Mr. CHEN and the need for on-going assistance of Ms. HO will be further evaluated by the Company. The Company will then endeavour to demonstrate to the Hong Kong Stock Exchange's satisfaction that Mr. CHEN, having had the benefit of the assistance of Ms. HO for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Hong Kong Listing Rules will not be necessary. The Company understands that the Hong Kong Stock Exchange may revoke the waiver if Ms. HO ceases to provide assistance to Mr. CHEN during the three-year period.

Prior to the expiry of the three-year period, the Company will liaise with the Hong Kong Stock Exchange to enable it to assess whether Mr. CHEN has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules.

WAIVER IN RESPECT OF INVESTMENTS AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' report to be included in a listing document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to Rule 4.02A of the Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Listing Rules, the Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

After the Track Record Period and up to the Latest Practicable Date, the Group had conducted the following investment (the "**Investment**"), details of which are set out below:

Name of the target	Total consideration	Approximate percentage of shareholding after completion of the relevant Investment	Principal business activities
ShenZhen Uchuang Smart Device Co., Ltd. (深圳友創智能設備有限公司) ("**Uchuang Smart**")[(1)] . . .	RMB85,300,000	10.04%	R&D, manufacturing and sales of precision computer numerical control ("**CNC**") equipment, drill, milling cutter and related products

Note:

(1) The Company had entered into an equity acquisition agreement with Mr. Yang Jie (陽傑), an Independent Third Party, in June 2026, pursuant to which Mr. Yang Jie agreed to transfer, and our Company agreed to purchase, an aggregate of approximately 10.04% interest in Uchuang Smart at a consideration of RMB85.3 million. The consideration was determined after arm's length negotiations with reference to the financial position and business prospects of Uchuang Smart. Such investment had been settled in July 2026. To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, each of Mr. Yang Jie, Uchuang Smart and the ultimate beneficial owners of Uchuang Smart is an Independent Third Party.

The Company believes that the Investment will create a synergy effect between the businesses of the Group and the target and therefore optimize the Group's business development and financial performance. Accordingly, the Company believes that the Investment will be fair and reasonable and in the interests of the Company and the Shareholders as a whole. There is no side arrangement or agreement between the Company and the relevant counterparties with respect to the Investment. The consideration for the Investment was satisfied by the Group's own source of funds other than the [**REDACTED**] from the [**REDACTED**].

The Company has applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Investment on the following grounds:

The percentage ratios of the Investment are expected to be less than 5% by reference to the most recent fiscal year of the Track Record Period

The applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Investment are expected to be less than 5% by reference to the financial year ended December 31, 2025. Accordingly, the Company does not expect the Investment to result in any significant changes to its financial position since June 30, 2026, and all information that is reasonably necessary for potential investors to make an informed assessment of the activities or financial position of the Group has been included in this document. As such, the Company considers that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

The historical financial information of the target is not available and would be unduly burdensome to obtain or prepare

The Company has no access to the books or records of the target for conducting an audit given that the Company will not, as a result of or immediately following the completion of the Investment, have any control over the target, nor will the Company have any control over the target's boards of directors, or be in a position to consolidate the financials of the target. As such, the Company believes that it would be impractical and unduly burdensome for the Company to disclose the audited financial information of the target as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules. In addition, having considered the Investment to be immaterial and that the Company does not expect the Investment to have any material effect on its business, financial condition or operations, the Company believes that (i) it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of the target during the Track Record Period in this document, and (ii) the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

Ordinary and usual course of business

The target is engaged in business activities complementary with and closely related to the existing business of the Group. As such, the Investment is expected to create synergy effect between the businesses of the Group and the target. The Group has conducted acquisitions and minority investments during the Track Record Period. As a result, the Company is of the view that conducting the Investment is within its ordinary and usual course of business.

Alternative disclosure of the Investment in this document

The Company has disclosed alternative information about the Investments in this document. Such information includes those which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that the Directors consider to be material, including, for example, descriptions of the principal business activities of the target, the consideration amounts, and a statement as to whether the counterparties are Independent Third Parties. As such, the Company believes that the current disclosure is adequate for potential investors to form an informed assessment of the Investment and the Company.

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

For further information on our Directors, please refer to the section headed "Directors and Senior Management" of this Document.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. CAO Meisheng (曹梅盛)	Room 102, Building 46 Lane 99, Shanghan Road Xujing Town, Qingpu District Shanghai PRC	Chinese
Mr. ZHENG Minmin (鄭敏敏)	Room 1405, Unit 1, Building 30 Lvhe Mingdi, Qixing Subdistrict Nanhu District, Jiaxing Zhejiang Province PRC	Chinese
Non-Executive Directors		
Mr. GE Tairong (葛泰榮)	Room 102, Building 46 Lane 99, Shanghan Road Xujing Town, Qingpu District Shanghai PRC	Chinese
Ms. GE Fan (葛凡)	Room 102, Building 46 Lane 99, Shanghan Road Xujing Town, Qingpu District Shanghai PRC	Chinese
Ms. RAO Lei (饒蕾)	Room 206, Building 5 Jimingli Nanhu District, Jiaxing Zhejiang Province PRC	Chinese

Name	Address	Nationality
Independent Non-Executive Directors		
Ms. WEI Xiao (魏霄)	Room 201 No. 477, Lane 558 Jinping Road Minhang District Shanghai PRC	Chinese
Mr. JI Maoli (紀茂利)	Room 204, Building 13 Dashu Jingangwan Community Youquan Road Economic Development Zone Jiaxing, Zhejiang Province PRC	Chinese
Mr. AN Yulei (安玉磊)	Room 501, Building 2 Qiushui Yuan, Jinsui Sun City Nanhu District, Jiaxing Zhejiang Province PRC	Chinese
Mr. SHEA Chun Lok, Quadrant (佘俊樂)	Flat B, 27/F, Block 1 Goodrich Garden No. 9 Leung Tak Street Tuen Mun, New Territories Hong Kong	Chinese (Hong Kong)

For further details, see "Directors and Senior Management."

Sole Sponsor

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

[**REDACTED**]

[**REDACTED**]

Legal Advisors to the Company

As to Hong Kong and U.S. laws:
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:
GF Law Firm Shanghai
26/F, No. 429
Nanquanbei Road
Pudong New Area
Shanghai
PRC

As to international sanctions laws:
King & Wood
10/F, Building B4, Xinchen Lingang Center
Lane 9, North Yunjuan Road,
Shengang Street
Pudong New District
Shanghai

Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong law:* **Jingtian & Gongcheng LLP** Suites 3203-3207, 32/F Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law:* **Jingtian & Gongcheng** Room 1401A, Tower T2 Kerry Business Center Qianhai Avenue Nanshan District, Shenzhen Guangdong Province PRC
Auditor and Reporting Accountants	**ZHONGHUI ANDA CPA Limited** *Certified Public Accountants* 23/F, Tower 2, Enterprise Square Five 38 Wang Chiu Road Kowloon Bay, Kowloon Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504 Wheelock Square No. 1717 West Nanjing Road Shanghai PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 308, Zhongxing Road Fengqiao Town Nanhu District, Jiaxing Zhejiang Province PRC
Headquarters and Principal Place of Business in the PRC	No. 308, Zhongxing Road Fengqiao Town Nanhu District, Jiaxing Zhejiang Province PRC
Place of Business in Hong Kong	46F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's Website	***www.glorymica.com*** *(A copy of this Document is available on the Company's website. Except for the information contained in this Document, none of the other information contained on the Company's website forms part of this Document)*
Joint Company Secretaries	Mr. CHEN Tao (陳弢) No. 308, Zhongxing Road Fengqiao Town Nanhu District, Jiaxing Zhejiang Province PRC Ms. HO Sze Wah Cecilia (何詩華) ACG HKACG 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	Mr. ZHENG Minmin (鄭敏敏) No. 308, Zhongxing Road Fengqiao Town Nanhu District, Jiaxing Zhejiang Province PRC Ms. HO Sze Wah Cecilia (何詩華) 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

Audit Committee	Mr. JI Maoli (*Chairperson*) Ms. GE Fan Ms. WEI Xiao
Nomination Committee	Ms. WEI Xiao (*Chairperson*) Mr. ZHENG Minmin Mr. AN Yulei
Remuneration and Appraisal Committee	Mr. AN Yulei (*Chairperson*) Mr. ZHENG Minmin Ms. WEI Xiao
Strategy Management and ESG Committee	Ms. CAO Meisheng (*Chairperson*) Mr. GE Tairong Mr. AN Yulei
Compliance Advisor	**Somerley Capital Limited** 20th Floor, China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

Principal Bank	**Bank of Communications Co., Ltd., Jiaxing Nanhu Branch (交通銀行股份有限公司嘉興南湖支行)** No. 1866, Guangyi Road Nanhu District, Jiaxing Zhejiang Province PRC

The information and statistics set out in this section and other sections of this Document were extracted from the Frost & Sullivan Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by any of the Sole Sponsor,* [**REDACTED**]*, any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**] *and no representation is given as to its accuracy. For discussion of risks related to the Group's industry, see "Risk Factors — Risks Relating to Our Business and Industry." in this Document.*

SOURCE OF INFORMATION

We engaged Frost & Sullivan to conduct market research on the new energy industry and the mica product market within the new energy value chain and the transmission module in embodied intelligence market and to prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 and headquartered in New York that provides industry research and market strategy services. We have agreed to pay a fee of RMB600,000 to Frost & Sullivan for the preparation of this report.

In preparing the Frost & Sullivan Report, Frost & Sullivan carried out detailed primary research, including discussions with leading industry participants on the current status and development trends of the new energy industry, covering new energy vehicles, power batteries, energy storage batteries, as well as the demand for and application of mica products in these fields, and conducted interviews with relevant parties. Frost & Sullivan also conducted secondary research, which included reviewing company reports, independent research reports, and data from its own research database. By analyzing historical data and combining it with macroeconomic data, Frost & Sullivan obtained estimated market size figures and considered key industry drivers such as policy incentives, technological breakthroughs, and market demand growth.

Frost & Sullivan exercised due care in collecting and reviewing relevant information. In preparing and compiling the relevant research, Frost & Sullivan assumed that the social, economic, and political environment of the relevant market would likely remain stable during the forecast period. Our Directors confirm that, after making reasonable inquiries, there has been no adverse change in the market information since the date of the Frost & Sullivan Report that would affect, contradict, or have a material impact on the information.

DEVELOPMENT OF THE NEW ENERGY SECTOR

Development states of the new energy sector

The new energy sector refers to a comprehensive sector centered on clean and renewable energy resources including solar power and wind power, replacing traditional fossil fuels. NEVs, power batteries and energy storage batteries are the fundamental prongs of the new energy sector, driving coordinated development and the global transition to new energy.

With continuous policy incentives and technological iteration, the penetration rate of NEVs will continue to increase. According to Frost & Sullivan, the global sale volume of passenger NEVs grew from 6.2 million units in 2021 to 17.1 million units in 2024, with a CAGR of 40.2%. In 2025, the global sales volume of passenger NEVs was over 20 million units. In the future, the global sale volume of passenger NEVs is expected to maintain the

growth trend with a CAGR over 20% from 2026 to 2030. China sale volume of passenger NEVs grew from 3 million units in 2021 to 11.1 million units in 2024, with a CAGR of 54.7%. In 2025, China sales volume of passenger NEVs was over 12 million units. The CAGR of China sale volume of passenger NEVs from 2026 to 2030 is expected to surpass 15%.

Power batteries are energy storage units, providing power for electric vehicles and other transportation vehicles, as one of the core modules in vehicle manufacturing. With the global green transformation and the increasing penetration of NEVs, the market demand for power batteries is rapidly expanding. The global and China power batteries in electric vehicles, also known as EV batteries, experienced a rapid growth. According to Frost & Sullivan, the global shipment volume increased from 386.9 GWh in 2021 to approximately 1,500 GWh in 2025, and is expected to further increase at a CAGR over 28% from 2026 to 2030. In 2021, the China shipment volume of EV battery was 208.9 GWh, surging to approximately 1,200 GWh in 2025. By 2030, the China shipment volume is forecasted to surpass 2,500 GWh, growing at a CAGR over 25% from 2026 to 2030.

Energy storage batteries refer to devices that convert electrical energy into chemical energy for storage and release it when needed. The increasing demand for charging from end users has further driven the willingness to purchase energy storage systems at the household level, thereby directly driving the sales of energy storage batteries in various market segments. According to Frost & Sullivan, the global shipment volume of energy storage batteries increased from 39.8 GWh in 2021 to over 600 GWh in 2025. It is expected to reach over 2,000 GWh in 2030, with a CAGR over 25%. China energy storage battery shipment volume increased from 7.6 GWh in 2021 to about 500 GWh in 2025. It is projected China energy storage battery shipment volume will increase to over 1,000 GWh in 2030, with a CAGR over 20%.

Pain points of the new energy sector

Safety and stability are the focusing pain points of the new energy sector. With the rapid iteration of new energy technologies, the energy density of energy storage units including power batteries and energy storage batteries, continues to increase. Rising energy density leads to lower thermal stability, increasing safety risks of thermal runaway and placing stringent requirements on thermal management and electrical isolation capabilities.

Heat-resistant and insulating materials are critical for NEV and battery safety. Mica products possess excellent high-temperature resistance and electrical insulation properties, maintaining structural stability in extreme high-temperature environments leading to thermal runaway. Mica products can effectively block heat transfer, ensuring the long-term stable operation of NEVs, power batteries and energy storage batteries. Currently, the application scenarios of mica products in other industrial and home appliance sectors are gradually expanding.

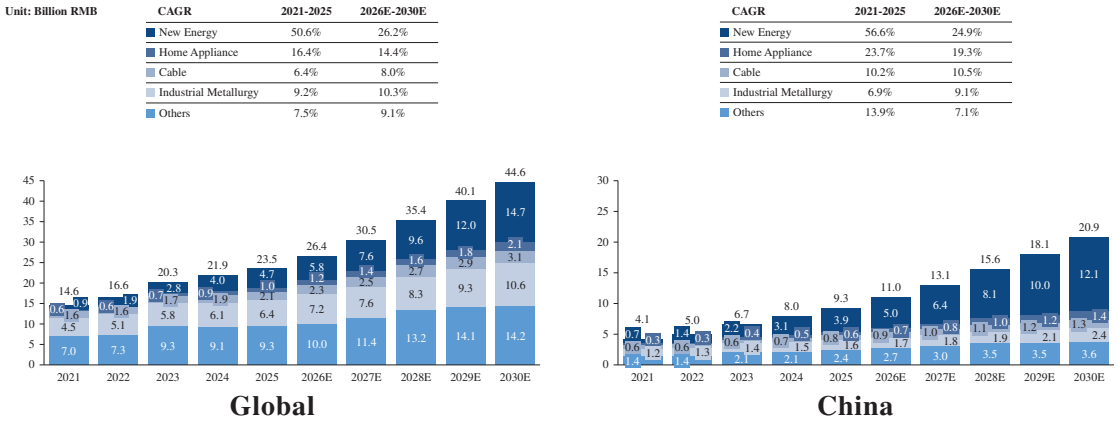
OVERVIEW OF THE MICA PRODUCT MARKET IN THE NEW ENERGY SECTOR

Definition of mica products

Mica products refer to functional products primarily made of mica materials, processed into sheets, strips, or plates using high-temperature binders. These materials exhibit stable electrical insulation properties and high fire retardancy and heat resistance, maintaining reliable performance even at high temperatures. They are widely used in electrical, mechanical and industrial environments, including in new energy (primarily NEVs, power batteries, energy storage batteries, etc.), cables, home appliances and other sectors.

The application scenarios of mica products mainly include industrial metallurgy sector, new energy sector, electric wire and cable sector, home appliance sector and others such as transportation, nuclear planting and aerospace. In 2025, the global market size of mica product reached RMB23.5 billion, while the global market sizes of mica product in industrial metallurgy sector, new energy sector, cable sector, home appliance sector and others were RMB6.4 billion, RMB4.7 billion, RMB2.1 billion, RMB1.0 billion and RMB9.3 billion, respectively. In 2025, the China's market size of mica product reached RMB9.3 billion, while the China's market sizes of mica product in industrial metallurgy sector, new energy sector, wire and cable sector, home appliance sector and others were RMB1.6 billion, RMB3.9 billion, RMB0.8 billion, RMB0.6 billion and RMB2.4 billion, respectively.

Market Size of Global and China Mica Product, by Revenue, 2021-2030E



Source: The Association of China Refractories Industry, Frost & Sullivan

Value chain of mica products

The value chain of mica products encompasses upstream raw materials, midstream manufacturing processing and downstream application areas. Upstream primarily involve the supply of mica ore, adhesive tapes and foams, glass fibers and others. In the midstream, manufacturers convert mica ore into mica powder and further process it into mica paper through processes including pulping, sheet forming and drying. Mica paper serves as the core material for various mica products, including mica structural parts, mica tapes, mica boards and mica tubes and mica rolls, which are primarily manufactured through processes including lamination, curing, cutting and stamping. In the downstream, these products are applied in multiple sectors, including new energy (primarily NEVs, power batteries and energy storage batteries), as well as cables, home appliances and other sectors.

Regulatory and technical requirements for fire retardancy and heat resistance materials in the new energy sector

Fire retardancy and heat resistance materials are technically important in NEVs, power batteries and energy storage batteries. Thermal runaway and subsequent fire hazards represent key safety risks during the operation of battery systems. Relevant regulations and standards generally impose performance based safety requirements, such as no fire or explosion, electrical safety, thermal safety and thermal runaway propagation control, rather than mandating the use of one specific material category. Accordingly, manufacturers may adopt mica products, aerogel felt, ceramicized silicone rubber, flame-retardant foams and other suitable material or structural solutions to meet applicable safety requirements, depending on battery system design, product specifications, performance requirements and cost considerations. The following is the main contents of the relevant regulations and requirements:

GB 38031-2025 Electric Vehicles Traction Battery Safety Requirements: This standard specifies safety requirements and test methods for traction battery cells, battery packs and battery systems used in electric vehicles. It requires no fire or explosion under key safety test conditions, and strengthens requirements relating to thermal runaway protection, electrical insulation and thermal barrier solutions within battery systems. It was issued by SAMR and SAC, and is administered by the Ministry of Industry and Information Technology (MIIT) of China.

GB/T 36276-2023 Lithium Ion Battery for Electrical Energy Storage: This standard specifies technical requirements and test methods for lithium-ion batteries used in electrical energy storage applications. It covers electrical safety, mechanical safety, environmental safety and thermal safety, including thermal runaway performance and thermal runaway propagation performance. It was issued by SAMR and SAC, and is administered by the China Electricity Council (CEC).

IEC 60371 Series Specifications for Mica-based Insulating Materials for Electrical Purposes: This series provides specifications and test methods for mica-based insulating materials for electrical purposes. It covers general requirements, test methods and product-specific requirements for different mica-based insulating materials, and provides reference points for evaluating electrical insulation, thermal stability, mechanical performance and long-term reliability of mica-based materials. It was issued by the International Electrotechnical Commission (IEC).

Regulation (EU) 2023/1542 Concerning Batteries and Waste Batteries: This regulation establishes a regulatory framework for batteries placed on the EU market. It covers sustainability, performance, durability, labelling, conformity assessment and safety requirements, and includes safety considerations for stationary battery energy storage systems. It also supports the adoption of appropriate material and structural solutions to reduce safety risks relating to electrical faults, mechanical damage, environmental stress and thermal runaway. It was issued by the European Parliament and the Council of the European Union.

Source: Standardization Administration of China, State Administration for Market Regulation of China International Electrotechnical Commission, Official Journal of the European Union, Frost & Sullivan

A well-established regulatory and standardization system for fire retardant and heat resistant materials has been formed in the new energy vehicle (NEV), traction battery and energy storage battery sectors. In addition to battery safety standards such as GB 38031-2025 and GB/T 36276-2023, mica-based insulating materials are also covered by dedicated product standards, including GB/T 5019.5-2023 for rigid mica materials for heating equipment and GB/T 5019.10-2022 for mica paper tapes for flame-resistant security cables. These standards provide technical requirements for certain mica-based insulating materials, including electrical insulation, heat resistance and mechanical performance.

Product Category	Temperature Resistance	Thermal Runaway Protection Capability	Electrical Insulation Performance	Cost Level
Mica Products	Short-term high-temperature resistance; able to maintain relatively good structural stability under high temperature and flame exposure	Strong; can provide both thermal barrier and blocking functions, suitable for thermal propagation protection scenarios	Strong; can simultaneously provide good high-temperature electrical insulation performance	Medium
Ceramicized Silicone Rubber	Good heat resistance; can form a ceramicized protective layer at high temperatures, with actual performance depending on formulation	Medium to strong; suitable for applications requiring flexible processing and fire protection, and is usually used together with other structures	Good	Relatively High
Aerogel Felt	Excellent thermal insulation performance; good adaptability to high temperatures, with the specific upper limit depending on the material system	Strong; outstanding thermal insulation effect, but relatively limited mechanical strength, and is usually used in composite structures	Good to Excellent	High
Flame-Retardant Foam	Relatively limited heat resistance; more suitable for medium- and low-temperature auxiliary insulation, sealing and cushioning applications	Relatively weak; usually not used as the primary barrier material for demanding thermal runaway protection scenarios	Fair to Good	Low

In general, fire retardancy and heat resistance materials are important technical components for meeting battery safety requirements in NEVs, power batteries and energy storage batteries. Material selection is usually determined by the overall battery system design and the required balance among heat resistance, electrical insulation, mechanical strength, weight, processability and cost. Mica products are commonly adopted in scenarios requiring both thermal barrier performance and electrical insulation, while aerogel felt, ceramicized silicone rubber, flame-retardant foams and other materials may be used independently or in combination for different functional positions within battery systems.

Application of mica products in the new energy sector

Mica products are increasingly applied in the new energy sector, particularly in NEVs, power batteries and energy storage batteries. In NEVs, mica products are utilized for high-voltage insulation, thermal insulation and fire protection around battery packs, busbars and other critical electrical components, enhancing system safety and reliability under high temperature and high voltage conditions. In power batteries, mica tapes are typically arranged between battery cells, modules and battery pack structures to provide thermal insulation, fire retardancy, and electrical insulation, thereby reducing the risk of thermal runaway propagation. In energy storage systems, mica products offer electrical insulation, fire retardancy and heat resistance, supporting the long-term and safe operation of batteries.

Apart from mica products, other fire retardancy and heat resistance materials mainly include flame-retardant foam, aerogel felt and others:

- Mica products: Possess excellent high-temperature resistance, electrical insulation properties and impact resistance. They can be processed into various shapes and are mainly used for sealing between modules and battery packs. Their application in flame-retardant insulation protection is relatively mature. The cost level of mica products is fair.

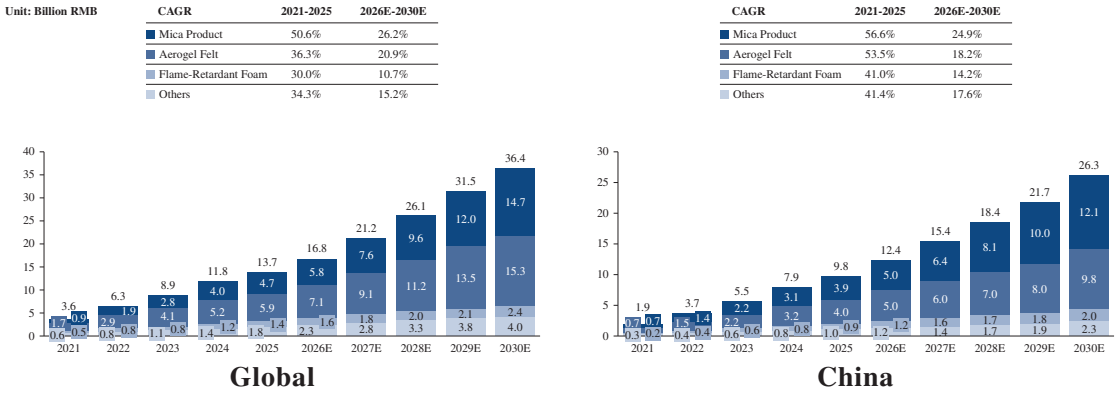
- Flame-retardant foam: Possesses low hardness and high resilience, and offers high flexibility in size design. However, its heat resistance is relatively limited, and it may deform under high-temperature conditions. It is mainly applied between modules, for battery pack sealing, and between battery cells in entry-level vehicle models. Its cost level is relatively low.

- Aerogel felt: possesses excellent thermal insulation properties. However, it is relatively expensive and has relatively limited impact resistance. It is mainly used between battery cells, with limited applications between modules. Its cost level is relatively high.

- Others: Other materials mainly include ceramicized silicone rubber. Ceramicized silicone rubber exhibits excellent heat resistance and maintains structural integrity at high temperatures, with relatively high price and needs to be compounded with other reinforcing materials for use.

All the above materials are insulating and heat-resistant, but mica materials, flame-retardant foam, aerogel felt and ceramicized silicone rubber differ significantly in performance and application scenarios. They cannot be directly substituted for each other, but can be combined to form a complementary integrated flame-retardant and insulation solution based on the performance requirements of different application scenarios. The following chart shows the market size of global and China fire retardancy and heat resistance materials in the new energy sector.

Market Size of Global and China Fire Retardancy and Heat Resistance Materials in the New Energy Sector, by revenue, 2021-2030E



Source: China Association of Automobile Manufacturers, China Battery Industry Association, Frost & Sullivan

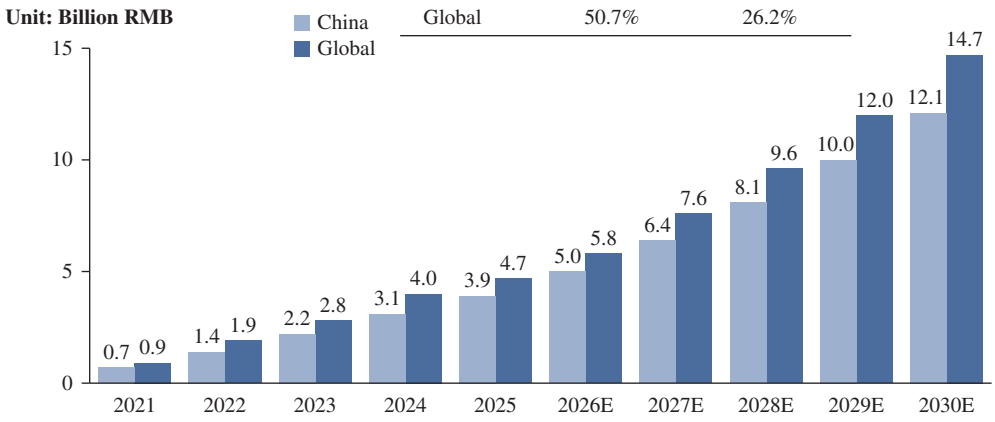
Market size of mica products in the new energy sector

Driven by the expanding new energy applications, the demand for mica products in the new energy sector has grown rapidly. According to Frost & Sullivan, the market size of mica products in the global and China new energy sectors increased from RMB0.9 billion and RMB0.7 billion in 2021 to RMB4.7 billion and RMB3.9 billion in 2025, representing CAGRs of 50.7% and 56.8%, respectively. In 2025, the global market sizes of mica products in power battery and energy storage were RMB4.0 billion and RMB0.7 billion, and the China's market sizes of mica products in power battery and energy storage were RMB3.2 billion and RMB0.7 billion.

Looking ahead, supported by continuous growth in new energy vehicle and energy storage installations and rising safety and reliability requirements for battery systems, the application of mica products in the new energy sector is expected to further increase, sustaining strong market expansion. The global and China market sizes are expected to reach RMB5.8 billion and RMB5.0 billion in 2026, respectively, and further grow to RMB14.7 billion and RMB12.1 billion in 2030, representing CAGRs of 26.2% and 24.9% from 2026 to 2030, respectively. In 2030, the global market sizes of mica products in power battery and energy storage were RMB11.8 billion and RMB2.9 billion, and the China's market sizes of mica products in power battery and energy storage were RMB9.0 billion and RMB3.1 billion.

Global and China Mica Product Market in the New Energy Sector, by revenue, 2021-2030E

CAGR	2021-2025	2026E-2030E
China	56.8%	24.9%
Global	50.7%	26.2%



Source: China Association of Automotive Manufacturers, Frost & Sullivan

Competitive landscape of mica product market in the new energy sector

In 2025, the global mica product market in the new energy sector accounted for RMB4.7 billion, representing 19.9% of the global mica product market, and remained relatively fragmented with more than 500 market players. Chinese companies occupy a dominant position. We ranked first in terms of revenue in 2025, with a market share of 22.7%. The table below illustrates the ranking of global players in the mica product market for the new energy sector by revenue in 2025.

Ranking[(1)(2)]	Company	Country	Market share, 2025	Related Revenue
				(RMB billion)
1	**The Company**	**China**	**22.7%**	**1.1**
2	Company A[(3)]	China	15.4%	~0.7
3	Company B[(4)]	China	5.7%	~0.3
4	Company C[(5)]	South Korea	4.5%	~0.2
5	Company D[(6)]	Switzerland	4.2%	~0.2

Source: Annual reports of related companies, Frost & Sullivan

Notes:

(1) The revenue data of Company A to D is based on estimation calculated by unit sales and other available public information, cross-checked with industry participants and experts on best effort, thus may be different from the auditing data from the above players.

(2) Available public information includes financial reports of listed companies and publicly available industry reports, etc.

(3) Company A was established in 2008 and is headquartered in Jiangsu, China. The company's main business covers the research and development, production and sales of thermal protection components for new energy vehicle power batteries, as well as insulation products for power and electrical engineering. It is listed on the Shenzhen Stock Exchange.

(4) Company B was established in 2015 and is headquartered in Hubei, China, and it is listed on the Shenzhen Stock Exchange. The company's main products include mica insulation materials, fiberglass cloth and insulation materials for new energy applications. It is listed on the Shenzhen Stock Exchange.

(5) Company C was established in 1974 and is headquartered in South Korea. The company's main products include mica plates, mica tapes, inorganic mica paper and other products. It is a private company.

(6) Company D was established in 1823 and is headquartered in Switzerland. The company's core business focuses on electrical insulation and materials technology, primarily producing insulation materials, mica products and composite materials used in motors, generators and transformers. It is a private company.

In 2025, the China mica product market in the new energy sector accounted for RMB3.9 billion, representing 42.2% of the China mica product market, and remained relatively fragmented with more than 300 market players. The Company occupied a dominant position. We ranked first in terms of revenue in 2025, with a market share of 12.7%. The table below illustrates the ranking of China mica product market participants in the new energy sector by revenue in 2025.

Ranking[(1)(2)]	Company	Market share, 2025	Related Revenue
			(RMB billion)
1	**The Company**	**12.7%**	**0.5**
2	Company A	6.4%	~0.3
3	Company B	5.6%	~0.2
4	Company E[(3)]	2.8%	~0.1
5	Company F[(4)]	1.8%	~0.1

Source: Annual reports of related companies, Frost & Sullivan

Notes:

(1) The revenue data of Company A to F is based on estimation calculated by unit sales and other available public information, cross-checked with industry participants and experts on best effort, thus may be different from the auditing data from the above players.

(2) Available public information includes financial reports of listed companies and publicly available industry reports, etc.

(3) Company E was established in 2003 and is headquartered in Beijing, China. The company is mainly engaged in the research and development, production, sales and related services of refractory mica materials, high-cleanliness materials and flame-retardant materials. It is a private company.

(4) Company F was established in 2015 and is headquartered in Hunan, China. The company's main products include mica paper, mica boards, mica tapes, mica rolls, mica tubes, mica heating films and mica processed components. It is a private company.

The global mica product market is relatively fragmented, due to the fact that different applications have varying requirements for the craftsmanship and product form of mica products. In 2025, the top three companies of the global mica product market captured the market share of 31.8% in total, in terms of revenue, which are all overseas companies. We captured a market share of 5.2% in terms of revenue in 2025. In the China mica product market in 2025, we ranked first with a market share of 6.9% in terms of revenue. The rest of major competitors in China mica product market mainly include Company A and Company B.

Drivers and trends of the mica product market in the new energy sector

Policy support and enhancement of safety standards

Global governments have tightened NEV and battery safety regulations, raising standards for insulation and thermal protection and driving demand for high-performance materials like mica products. For instance, the EU's Regulation (EU) 2023/1542 incorporates batteries into a safety compliance framework covering their entire lifecycle. Meanwhile, China GB 38031 series of standards impose stricter requirements on the thermal safety of power batteries, including early warning of thermal events and suppression of fire and explosion, with the latest revision further requiring battery packs to remain non-flammable and non-explosive for at least two hours after thermal runaway triggering and mandating that monitoring points be maintained below 60 °C. The updated standard also introduces additional safety verification

tests, including 150J bottom impact resistance and validation under 300 fast-charging cycles, collectively enhancing the demand for electrical insulation and fire-retardant heat-resistant products like those made from mica. The latest regulations and industry standards are as follows.

Domestic regulations and industry standards:

- GB 38031-2025 *Electric Vehicles Traction Battery Safety Requirements* 《電動汽車用動力蓄電池安全要求》 and GB/T 36276-2023 *Lithium Ion Battery for Electrical Energy Storage* 《電力儲能用鋰離子電池》 set safety requirements and test methods for traction batteries used in electric vehicles and lithium-ion batteries used in electrical energy storage applications, respectively. These standards cover key safety aspects such as electrical safety, mechanical safety, thermal safety, thermal runaway performance and thermal runaway propagation performance, supporting the adoption of appropriate thermal protection, electrical insulation and thermal barrier solutions in battery systems. Both standards were issued by SAMR and SAC, with GB 38031-2025 published in 2025 and GB/T 36276-2023 published in 2023.

International regulations and industry standards:

- *FMVSS 305a: Electric-Powered Vehicles: Electric Powertrain Integrity.* This regulation expands electric powertrain safety requirements for electric vehicles, with a focus on propulsion battery integrity, high-voltage electric shock protection and rechargeable energy storage systems. It was issued by the National Highway Traffic Safety Administration (NHTSA) under the U.S. Department of Transportation and published in 2024.

- *UN R100 05: 05 Series of Amendments to UN Regulation No. 100.* This regulation enhances safety requirements relating to thermal propagation risks for electric-powered vehicles and rechargeable energy storage systems, supporting thermal runaway control and thermal propagation mitigation. It was issued under the UNECE/WP.29 framework. The proposal document was published in 2024 and adopted by WP.29 in 2025.

- *Regulation (EU) 2023/1542 Concerning Batteries and Waste Batteries.* This regulation establishes the European Union regulatory framework for batteries placed on the EU market, including electric vehicle batteries and stationary battery energy storage systems. It covers sustainability, performance, conformity assessment and safety requirements, and supports battery thermal risk management. It was issued by the European Parliament and the Council of the European Union, adopted in 2023.

Rising downstream safety concerns

NEV and battery manufacturers increasingly focus on battery system stability, raising requirements for heat resistance and insulation. Mica products, with outperforming properties of electrical insulation, fire retardancy and heat resistance, can effectively support the safe operation of battery systems under complex working conditions, whose demand will continue to expand.

The continuously rising energy density of power and energy storage batteries, coupled with the restricted installation space within battery packs, has imposed more stringent requirements for thermal runaway protection. Concurrently, driven by an industry-wide focus on cost optimization and operational efficiency, end-users have exhibited a robust demand for

physical safety barriers that combine ultra-thin spatial adaptability, reliable insulation and fire retardancy, and high cost-effectiveness. Consequently, the application of mica products in the new energy sector is expected to expand significantly.

Product technology improvement

With the improvement of manufacturing processes and quality control standards, mica products have undergone continuous optimization in terms of thickness control, electrical insulation, fire retardancy and heat resistance, enabling them to achieve superior performance in diversified scenarios of the new energy sector.

Developing global layout

Global NEV penetration expands mica demand to major auto markets. The mica supply chain is globalizing with overseas customers, localized supply, cross-regional standard alignment. The acceleration of mica products global production and supply to support the development of the new energy sector.

Entry barriers in the mica product market in the new energy sector

Customer resource barriers: NEV and battery manufacturers conduct lengthy supplier verification; once qualified, they rarely switch suppliers for safety and stability, creating barriers for new entrants lacking experience.

Technical barriers: High-performance mica requires specialized design, manufacturing expertise and long-term process accumulation; new entrants without such capabilities struggle to meet NEV and battery requirements.

Certification and compliance barriers: Mica products for batteries/energy storage need extensive safety tests, with long cycles, high costs and strict thresholds, forming compliance barriers.

Threats and challenges in the mica product market in the new energy sector

The mica product market in the new energy sector is characterized by rapid technological advancements in power battery and energy storage systems and increasingly stringent thermal management and safety standards. The continuous need to develop high-performance mica composite materials capable of withstanding extreme voltage and temperature conditions presents ongoing industry-wide technical challenges.

OVERVIEW OF MICA PRODUCT MARKETS IN OTHER SECTORS

Applications of mica products in other sectors

Beyond the new energy sector, mica products are widely applied in other sectors including home appliances and cables, with reliable electrical insulation, fire retardancy and heat resistance.

Mica products are primarily applied in the home appliance sector, providing functions of electrical insulation, fire retardancy and heat resistance for home appliances including microwave ovens, hair dryers, heaters and smart toilets. Mica products can effectively block the fire risk incurred by electrical leakage and heating in home appliances, providing electrical insulation, fire retardancy, heat resistance and other protective functions. Mica products can

reduce heat loss, enhancing the heating efficiency of home appliances. Meanwhile, mica's lightweight and highly moldable characteristics make its products adaptive to the compact design of home appliances. The application value of mica products in the home appliance sector mainly includes:

- Safety protection: Mica products can effectively block the fire risk incurred by electrical leakage and heating in home appliances, providing electrical insulation, fire retardancy, heat resistance and other protective functions. Mica products can also effectively prevent burns, fully meeting the safety standards thresholds for home appliances.

- Lifespan extension: Mica products can extend the lifespan of home appliances, reducing the aging and wear of core components including circuits and motors due to high temperatures, humidity and other environmental factors.

- Performance optimization: Mica products can reduce heat loss with the advantages of low thermal conductivity, enhancing the heating efficiency of home appliances. Meanwhile, mica's lightweight and highly moldable characteristics make its products adaptive to the compact design of home appliances.

Apart from mica products, other fire retardancy and heat resistance materials in home appliance sector mainly include flame-retardant foam, insulation film, and others. According to different material properties, these materials are respectively applied to the core heating elements, the body and the shell of home appliances, collectively providing insulation and flame retardant functions for household appliances:

- Mica products: Provide high-temperature insulation, thermal protection and structural support. They can block heat transfer between the heating element and the shell, and are mainly applied in the core heating components of home appliances. The cost level of mica products is fair.

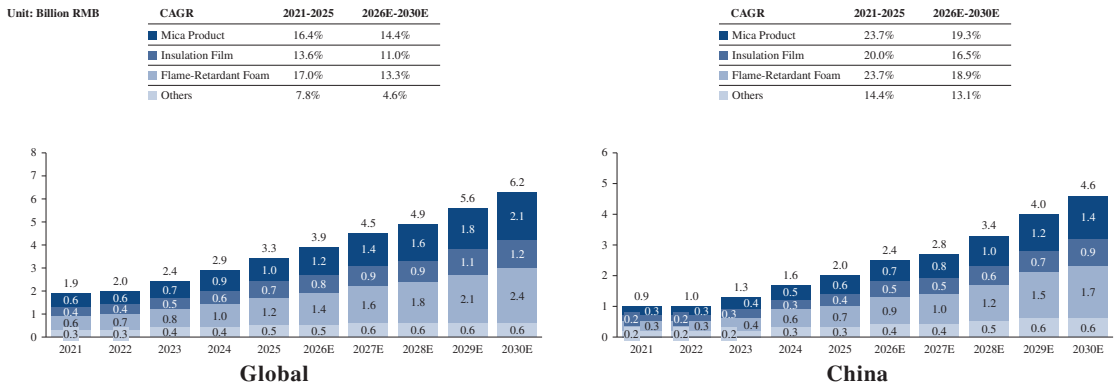
- Insulation film: Provide electrical insulation, moisture resistance and corrosion resistance. They also support circuit isolation and component insulation, and are mainly applied between components and cavities, as well as between the entire machine and casing. Their cost level is relatively low.

- Flame-retardant foams: Provide shock absorption, sealing and insulation functions, as well as basic flame retardancy. They support component fixation, gap filling and noise reduction, and are mainly applied between the heating chamber and the shell, as well as in component clearances. Their cost level is relatively low.

- Others: Other materials mainly include ceramicize silicone rubber. Ceramicized silicone rubber exhibits excellent heat resistance and maintains structural integrity at high temperatures, with relatively high price and needs to be compounded with other reinforcing materials for use.

Mica products, insulation film, flame-retardant foam and other materials have application in various modules of home appliances. Overall, mica products serve as insulating and flame-retardant components for core heating elements. Insulation film acts as an insulating and flame-retardant barrier between components and cavities. Flame-retardant foam is used as a filler material between the heating chamber and the shell. These material constitute the comprehensive system for home appliance's fire retardancy and heat resistance. The following chart shows the market size of global and China fire retardancy and heat resistance materials in the home appliance sector.

Market Size of Global and China Fire Retardancy and Heat Resistance Materials in the Home Appliance Sector, by revenue, 2021-2030E



Source: China Household Electrical Appliances Association, Frost & Sullivan

Mica products are primarily applied in the cable sector, providing functions of electrical insulation, fire retardancy and heat resistance. Mica products can enhance the operational safety and environmental resilience of cable, offering fire retardancy for conductors and insulation layers of cables, widely applied in various cable types including power transmission, communication, industrial equipment, rail transit and building wiring. Mica products can reduce heat accumulation in the operation of cables, prevent the insulation layer from aging at high temperatures and ensure the long-term stable transmission efficiency of cables. The application value of mica products in the cable sector mainly includes:

- Safety assurance: Mica products possess reliable characteristics including electrical insulation, fire retardancy and heat resistance, effectively mitigating the risk of arc breakdown in cables due to overload and short circuit. Mica products can maintain insulation integrity in various extreme scenarios including fires and other high-temperature environments.

- Environmental adaptability enhancement: Mica products possess characteristics including high-temperature resistance, moisture resistance, chemical corrosion resistance and mechanical resistance, reducing the erosion of wire and cable conductors and insulation layers incurred by high temperatures, high humidity, acid-base environments and external force impacts. Mica products can extend the lifespan and operational reliability of cables.

- Transmission efficiency optimization: Mica products can reduce heat accumulation in the operation of cables, prevent the insulation layer from aging at high temperatures and ensure the long-term stable transmission efficiency of cables.

Apart from mica products, other fire retardancy and heat resistance materials in the cable sector mainly include flame-retardant foam, insulation film and others. According to different material properties, these materials are respectively applied in different types of cables and different modules of cables:

- Mica products: Have advantages in high-temperature resistance and electrical insulation. They are mainly applied in the core protection of fire-resistant cables and high-voltage cables. The cost level of mica products is fair.

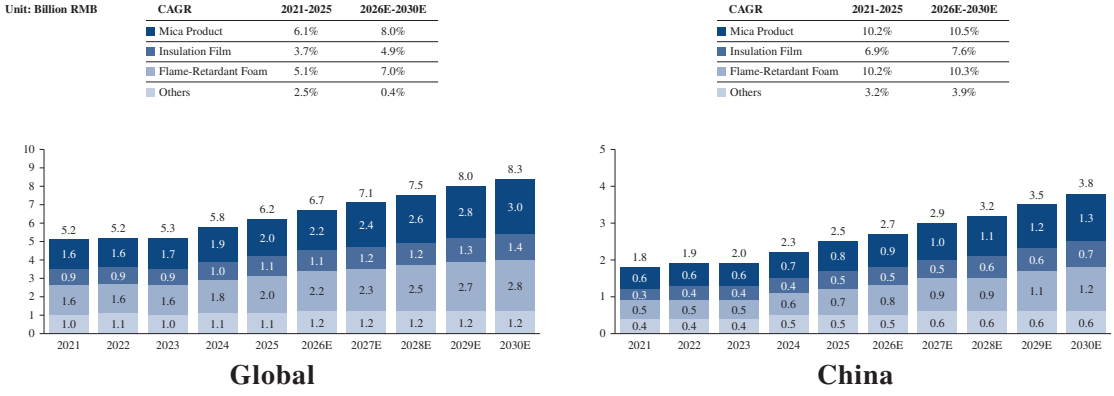
- Insulation films: Provide electrical insulation, moisture resistance and corrosion resistance. They are widely used in control cables, communication cables and low-voltage cables. Their cost level is relatively low.

- Flame-retardant foams: Provide heat insulation and lightweight properties. They are widely used for filling, sealing and cushioning in various cables. Their cost level is relatively low.

- Others: Other materials mainly include ceramicized silicone rubber. Ceramicized silicone rubber mainly provide protections for cable intermediate joints and terminal heads. Fiberglass is mainly applied in cable tray and tunnel fireproof lining.

Mica products, insulation film, flame-retardant foam and other materials have application in various types of cables. Overall, mica products are primarily applied on fire-resistant cables and high-voltage cables with relatively high requirement. Insulation film is widely used in control cables, communication cables, and low-voltage cables with relatively average requirement. With high morphological flexibility and lightweight advantages, flame-retardant foam is widely applied in filling, sealing, and cushioning of various cables. The following chart shows the market size of global and China fire retardancy and heat resistance materials in the cable sector.

Market Size of Global and China Fire Retardancy and Heat Resistance Materials in the Cable Sector, by revenue, 2021-2030E



Source: China Electrical Equipment Industrial Association, Frost & Sullivan

Market size of mica products in other sectors

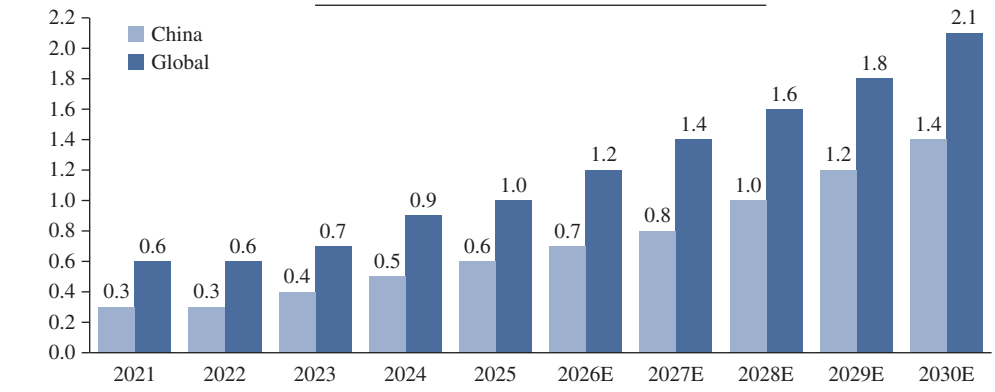
Mica products, with reliable electrical insulation, fire retardancy and heat resistance as well as ductility, are increasingly applied in home appliances, and the penetration rate in home appliances is gradually increasing. According to Frost & Sullivan, in 2025, the global market size of mica products in the home appliance sector reached RMB1.0 billion in revenue, while China market size of mica products in the home appliance sector reached RMB0.6 billion in revenue. From 2021 to 2025, the CAGRs of the global and China mica products in the home appliance sectors were 16.4% and 23.7%, respectively.

With the emergence of more diversified home appliances and the increase in electric power usage, the demand for mica products is rapidly increasing. According to Frost & Sullivan, by 2030, the global market size of mica products in the home appliance sector is expected to reach RMB2.1 billion in revenue, with a CAGR of 14.4% from 2026 to 2030. As

a major consumer and exporter of home appliances, China demand for mica products in the home appliance sector will grow rapidly. According to Frost & Sullivan, by 2030, China market size of mica products in the home appliance sector is expected to reach RMB1.4 billion in revenue, with a CAGR of 19.3% from 2026 to 2030.

Market Size of Global and China Mica Products in the Home Appliance Sector, by revenue, 2021-2030E

CAGR	2021-2025	2026E-2030E
China	23.7%	19.3%
Global	16.4%	14.4%



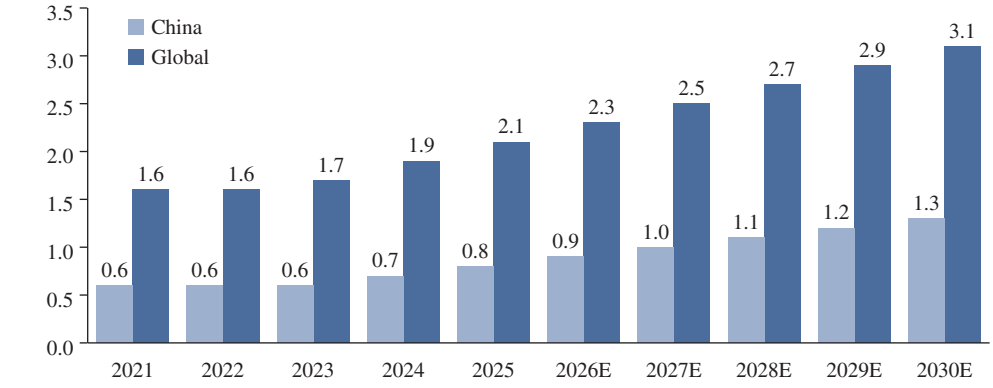
Source: *General Administration of Customs of China, relevant company annual reports, Frost & Sullivan*

With the gradual expansion of electrification, the application scale of mica products in the cables is also increasing. According to Frost & Sullivan, in 2025, the global market size of mica products in the cable sector reached RMB2.1 billion in revenue, while China market size of mica products in the cable sectors reached RMB0.8 billion. The CAGRs of the global and China mica products in the cable sector from 2021 to 2025 were 6.4% and 10.2%, respectively.

As an indispensable safety component, the application of mica products in cable sector will further increase with the rise of operating voltage and the lighter weight of cables. According to Frost & Sullivan, in 2030, the global market size of mica products in the cable sector will reach RMB3.1 billion in revenue, with a CAGR of 8.0% from 2026 to 2030. China market size of mica products in the cable sector will reach RMB1.3 billion in 2030, with a CAGR of 10.5% from 2026 to 2030.

Market Size of Global and China Mica Products in the Cable Sector, by revenue, 2021-2030E

CAGR	2021-2025	2026E-2030E
China	10.2%	10.5%
Global	6.4%	8.0%



Source: Relevant company annual reports, Frost & Sullivan

Competitive landscape of mica products market in other sectors

In 2025, the global mica product market in the home appliance sector accounted for RMB1.0 billion, representing 4.3% of the global mica product market with more than 300 market players. The global mica product market in the home appliance sector is dominated by overseas companies with more than 300 market players. In 2025, the top three companies of the global mica product market captured the market share of 52.6% in total, in terms of revenue. We captured a market share of 10.4% in terms of revenue in 2025. In 2025, the China mica product market in the home appliance sector accounted for RMB0.6 billion, representing 6.3% of the China mica product market with more than 100 market players. In 2025, we ranked third with a market share of 15.1% in terms of revenue. The rest of major competitors in China mica product market mainly include Company D and Company G.

Company G was established in 1949 and is headquartered in Wiener, Austria. The company is mainly engaged in the research and development, production, sales and related services of electrical insulation products and composite materials. It is a private company.

In 2025, the global mica product market in the cable sector reached RMB2.1 billion, representing 8.8% of the global mica product market, and was dominated by overseas companies with more than 300 market players. In 2025, the top three companies of the global mica product market captured the market share of 58.7% in total, in terms of revenue. We captured a market share of 2.9% in terms of revenue in 2025. In 2025, the China mica product market in the cable sector reached RMB0.8 billion, representing 8.7% of the China mica product market, and was dominated by overseas companies with more than 100 market players. In the China mica product market in the cable sector in 2025, we captured a market share of 5.3% in terms of revenue. The rest of leading companies in China mica product market mainly include Company D, Company G and Company B.

Drivers and trends of mica products market in other sectors

Rising market demand

The application scale of electric heating elements in home appliances is increasing simultaneously. Electric heating components in home appliances have a requirement for insulation and heat resistance protection, leading to the expanding demand for mica products in the home appliance sector. The demands for specialized cables in areas including high-voltage power grids and offshore wind power increase significantly, driving the steady expansion of the market size of mica products and the continuous expansion of mica products' application scenarios.

Upgrading product design

The design of home appliances is gradually evolving. Small home appliances, in particular, are moving towards lightweight and miniaturization, fostering higher demands on the spatial utilization and operational stability of components. Mica products can satisfy the requirements for miniaturization and the high-density layout of home appliance components. The cable sector is upgrading towards higher voltage, lightweight and green technologies, imposing higher demands on material performance compatibility and spatial adaptability, represented by mica products.

Increasing regulatory and certification requirements

Safety regulations and certification standards for home appliances are becoming increasingly stringent globally. As a key component providing insulation and thermal protection, the irreplaceability of mica products significantly increase. In the cable sector, mica products do not release toxic gases when burned and pass authoritative certifications of UL (Underwriters Laboratories, an authoritative certification institute in US) and TÜV (Technischer Überwachungsverein, an authoritative certification institute in German), increasing the demand for mica products.

Entry barriers for mica products in other sectors

Technical barrier: Mica products require precise formulation, process control and customization for home appliances and cables, whose core technologies rely on long-term accumulation, making it hard for new entrants to break through.

Ecological barrier: Mica product manufacturers need stable raw material procurement and long-term partnerships with leading home appliance and cable companies. New entrants struggle to integrate into the supply chain quickly.

Regulatory and certification barrier: Mica products must meet strict international/domestic safety, environmental and performance standards; new entrants cannot satisfy these requirements in a short time.

Threats and challenges for mica products in other sectors

The mica product market in the home appliance sector is marked by intense competition driven by the proliferation of low-cost alternatives in small home appliances and electrical components. The need to balance product performance with price competitiveness, alongside evolving safety certifications and environmental regulations for household electrical products, presents significant industry challenges.

OVERVIEW OF THE TRANSMISSION MODULE MARKET IN EMBODIED INTELLIGENCE

Overview of the Embodied Intelligence Market

Industry 4.0 adoption and growing digital transformation demand drive the rapid development of the embodied intelligence industry, which enables perception, decision-making and execution via dynamic interaction between AI entities and the environment. Its application scenarios have expanded from traditional industrial sectors to services and diversified fields (e.g., commercial cleaning, household services), boosting production automation, precision, efficiency, safety and cost-effectiveness while mitigating labor shortages.

A key direction of embodied intelligence, humanoid robots have human-like appearance and movement capabilities, with autonomous perception and task execution abilities, gradually moving towards large-scale commercialization in multiple sectors as a new general-purpose platform.

Overview of the transmission module market in embodied intelligence

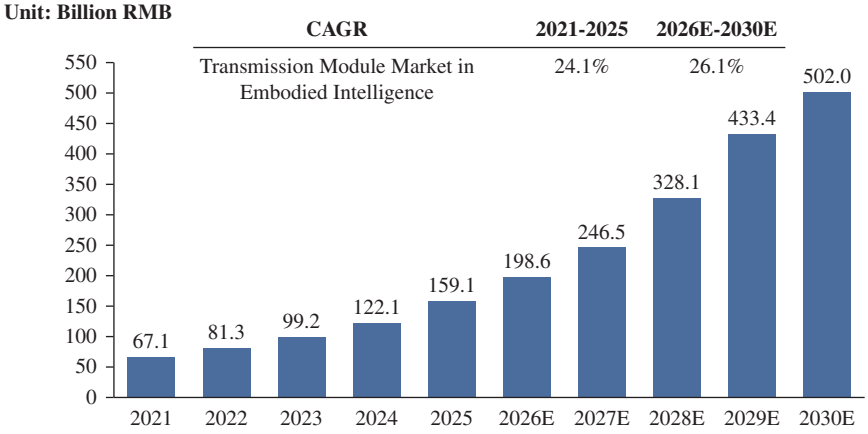
Embodied Intelligence constitutes a comprehensive system which integrates physical entities, sensing systems, and intelligent algorithms to facilitate autonomous interaction and decision-making. As a major part of embodied intelligence, the transmission module, with load-bearing capacity and durability, effectively addresses the pain point of humanoid robots and other embodied intelligent agents in maintaining precise positioning when bearing heavy loads. The transmission module in embodied intelligence are consisted of key precision structural components and related products, including motors, micro drives, reducers, ball/planetary screws and other micro precision high-performance composite component, etc. The quality of the transmission module influences the motion sensitivity, load-bearing capacity and lifespan of humanoid robots and other embodied intelligent agents. The Group manufactures precision structural components and related products for key robotic fields, including ball/planetary screws, micro drives, reducers and motors, all of which fall under the category of transmission module products in the embodied intelligence field.

Market size of transmission modules in embodied intelligence

The transmission modules is an important part of embodied intelligence, which act as the core execution module. The collaboration of perception, decision-making, execution and energy modules ensure the operational stability of embodied intelligence. Driven by the continuous breakthrough of core technologies such as perception algorithms and execution mechanisms, and the increasing layout of major enterprises in the field of embodied intelligence, the global market size of embodied intelligence will achieve rapid growth. According to Frost & Sullivan, the global market size of transmission modules in the embodied intelligence sector will reach RMB159.1 billion in 2025, with a CAGR of 24.1% from 2021 to 2025. With the further development and large-scale commercial application of embodied intelligence, humanoid robots are expected to accelerate into mass production, leading to a

steady increase in the demand for transmission modules on a large scale. According to Frost & Sullivan, the global market size of transmission modules in the embodied intelligence sector will reach RMB502.0 billion in 2030, with a CAGR of 26.1% from 2026 to 2030.

Global Transmission Module Market in Embodied Intelligence, by revenue, 2021-2030E



Source: International Federation of Robotics, Frost & Sullivan

Competitive landscape of the transmission module market in embodied intelligence

In the global transmission module market in embodied intelligence, overseas companies capture the majority of the market shares with over 500 market players. In 2025, the top five players captured the market share of over 25% by revenue in the global transmission module market in embodied intelligence market, while the Company's market share was less than 0.1% in 2025.

Drivers and trends of the transmission module market in embodied intelligence

Market demand increases

Driven by labor shortages and intelligent manufacturing upgrading, humanoid robots and embodied intelligent agents see robust demand. As the core transmission module for precise linear motion, it directly impacts motion control accuracy and load stability; their technological advancement and robot iteration drive a sharp rise in transmission module demand.

Technological upgrading and iteration

With embodied intelligence expanding to healthcare, consumer services and beyond, transmission modules face higher requirements for motion stability and precision. Manufacturers enhance such performance via breakthroughs in thread grinding precision and material heat treatment, strengthening environmental adaptability and task execution capabilities.

Rising localization rate

Leading domestic transmission module manufacturers have broken through key processes, with core indicators (micron-level positioning accuracy, long-term stability) approaching international levels. Mature local supply chains and large-scale production bring cost advantages, driving downstream shifts to domestic manufacturers and boosting domestic substitution.

Entry barriers for transmission modules in embodied intelligence

Technological R&D barrier: Embodied intelligence requires transmission modules with high motion control precision and durability, involving interdisciplinary integration; new entrants struggle to break through quickly due to the need for high-precision design and customization experience.

Capital investment barrier: Transmission module production relies on expensive imported precision equipment and high-standard workshops. The long cycle from R&D to mass-production and high capital input form entry thresholds for new entrants.

Supply chain and customer certification barrier: As a core component, transmission modules face strict, time-consuming customer verification. New entrants find it hard to build mature supply chains and obtain downstream certification quickly.

Threats and challenges for transmission modules in embodied intelligence

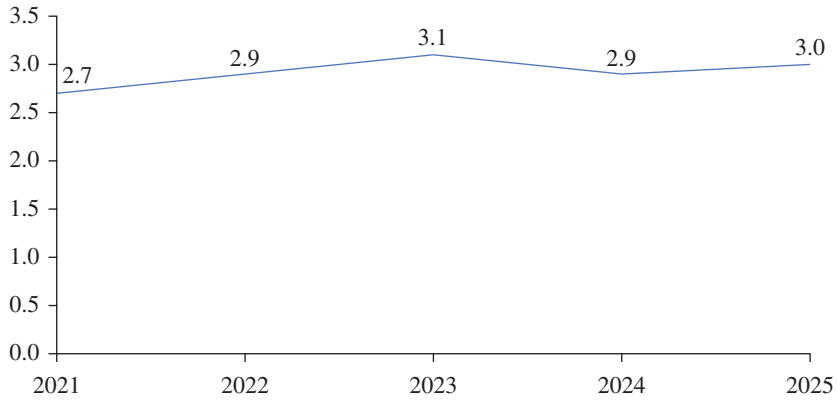
The transmission module market in embodied intelligence is characterized by rapid technological iteration and highly diverse operational requirements across various humanoid and robotic form factors. Achieving extreme miniaturization, high torque density, and precise motion control simultaneously presents substantial technical challenges for systemic hardware integration. Moreover, the industry faces ongoing difficulties in transitioning from early-stage prototype development to scalable mass production, while maintaining consistent manufacturing precision and mitigating the high costs of core mechanical components.

HISTORICAL PRICE OF RAW MATERIALS

Mica ore is one of the raw materials for mica products. From 2021 to 2023, there has been a slight increase in the price of Mica ore, ranging from RMB2.7 thousand per ton to RMB3.1 thousand per ton. In 2024, with the release of updated production capacity, the price of natural mica ore fall back to RMB2.9 thousand per ton. In 2025, the price of mica ore slightly rose to 3.0 thousand per ton. Overall, the price of mica ore shows stability and is expected to remain stable in the future.

Historical Price of Mica Ore, 2021-2025

Unit: Thousand RMB per Ton



Source: China Non-Metallic Minerals Industry Association, Frost & Sullivan

Availability of mica ore in the world

India accounted for approximately 40% of the total global natural mica ore production in 2025, as the largest exporter of natural mica ore globally. Its policy focuses on promoting localization in the processing stage and strengthening product compliance control, with strict inspections on the thermal stability and dielectric strength of exported products.

China accounted for approximately 25% of the total global natural mica ore production in 2025, as the second largest exporter of natural mica ore globally. China doesn't have export constraints on the export of mica ore, only implementing export licensing control for special high-performance mica raw materials used in military, nuclear industry, and aerospace.

Madagascar accounted for approximately 15% of the total global natural mica ore production in 2025, as the third largest exporter of natural mica ore globally. Madagascar doesn't have export constraints on the export of mica ore, only requiring export enterprises for operational qualifications and export licenses.

LAWS AND REGULATIONS RELATING TO COMPANIES

The Company Law of the PRC was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993 and implemented since July 1, 1994, and last amended on December 29, 2023 and implemented on July 1, 2024. Under the Company Law of the PRC, companies are generally classified into two categories, namely, limited liability companies and joint stock limited companies. The major amendments to the latest Company Law of the PRC, which implemented on July 1, 2024, include improving the company establishment and exit regime, optimizing the organizational structures of companies, improving the capital system of companies, strengthening the responsibilities of controlling shareholder and management, and reinforcing the corporate social responsibilities, etc.

LAWS AND REGULATIONS RELATING TO OVERSEAS INVESTMENT

Pursuant to Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented since October 6, 2014, the MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval on a case-by-case basis of overseas investment by enterprises. Overseas investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval; overseas investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

Pursuant to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented since March 1, 2018, a domestic enterprise (the "**Investor**") making overseas investment shall obtain approval, conduct record-filing or other procedures applicable to overseas investment projects (the "**Projects**"), report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive Projects directly carried out by Investors, namely, non-sensitive projects involving Investors' direct contribution of assets or interests or provision of financing or guarantee shall be subject to record-filing. The aforementioned "sensitive project" refers to projects that involve a sensitive country or region or a sensitive industry. The catalog of sensitive industries shall be promulgated by the NDRC. The currently effective sensitive industry catalog is the List of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》),which implemented on March 1, 2018.

According to the Provisions of the State Council on Outbound Investment (《國務院關於對外投資的規定》), promulgated on May 5, 2026, and implemented since July 1, 2026, if in carrying out outbound investment activities, an Chinese investor is required by law to complete procedures such as approval/record-filing, information reporting, or cross-border fund registration complying with the relevant provisions of the State.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》 (the "**Product Quality Law**"), which was promulgated by the SCNPC on February 22, 1993 and implemented since September 1, 1993, and last amended on December 29, 2018, engaging in product manufacturing and sales activities within the territory of the PRC shall comply with the Product Quality Law. Manufacturers shall be responsible for the quality of the products they produce and sell. Quality of products shall meet the following requirements: (1) the products shall be free from any unreasonable threats to personal or property safety, and shall

conform to national standards or industrial standards for ensuring human health and personal or property safety if there are such standards; (2) the products shall have the functions they should have, except where there are description about the functional defects; and (3) the products shall meet the standards specified on the products or their packages and the quality condition specified by way of product instructions or samples.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), which was promulgated by the Standing Committee of the National People's Congress on May 28, 2020 and implemented on January 1, 2021, in the event of damages caused to others due to the defects in a product, the infringed party may seek compensation from the producer or the seller of such product and shall have the right to request the producer and the seller to assume tortious liability, such as cessation of infringement, removal of obstruction, and elimination of danger.

LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

Pursuant to Work Safety Law of the PRC (《中華人民共和國安全生產法》 (the "**Production Safety Law**") promulgated by the SCNPC on June 29, 2002 and implemented since November 1, 2002, and last amended on June 10, 2021, to ensure production safety, entities shall strengthen the management, establish and improve responsibility systems and policies, improve conditions, promote the development of standards, and enhance the level in this aspect. The primary persons in charge of the production and operation entities are fully responsible for the production safety of their entities.

LAWS AND REGULATIONS RELATING TO LAND USE RIGHTS

According to the Civil Code, the creation, change, transfer and elimination of the real right of a real estate shall become effective after it is registered according to the law; it shall have no effect if it is not registered, except it is otherwise prescribed by any law. The real estate registration shall be handled by the registration authority where the real estate is located.

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) (the "**Land Administration Law**") last amended by the SCNPC on August 26, 2019 and implemented on January 1, 2020, construction units acquiring land use rights in respect of state-owned land at a consideration such as by way of grant of land shall pay land use fee and other fees such as land grant premium in accordance with the standards and ways stipulated by the State Council before using such land. When using state-owned land, construction units shall do so according to the stipulations of the contract for compensated use of leased land use rights or according to the provisions of the approval documents relevant to the allocation of land use rights. If it is necessary to change the use of land for construction, it shall be approved by the competent department of natural resources of the relevant government and reported to the original approving authority for approval. If the use of land is changed within the urban planning area, the approval from the relevant urban planning competent authorities shall be obtained prior to the submission.

According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) last amended by the State Council on March 10, 2024 and implemented on May 1, 2024, and the Detailed Rules for the Implementation of the Interim Regulation on Real Estate Registration (《不動產登記暫行條例實施細則》) last amended by the Ministry of Natural Resources of the PRC on May 21, 2024 and implemented on the same date, the PRC applies a uniform registration system over real estate. Real estate registration should follow the principles of strict management, stability and continuity, and convenience for the masses.

LAWS AND REGULATIONS RELATING TO HOUSING LEASE MANAGEMENT

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) last amended by the SCNPC on August 26, 2019 and implemented on January 1, 2020, and the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and implemented on February 1, 2011, when leasing a house, the lessor and the lessee shall sign a written lease contract, stipulating the lease term, property use, rental price, responsibilities for repairs and other terms, as well as other rights and obligations of both parties. Within 30 days after the conclusion of the housing lease contract, the parties to the housing lease shall go to the real estate competent authorities where the leased housing is located to register and file the housing lease. If the parties to the housing lease fail to register and file, a fine may be imposed.

LAWS AND REGULATIONS RELATING TO FIRE PREVENTION

According to the Fire Protection Law of the People's Republic of China (《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, together with the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of 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 on 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.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

According to the Customs Law of the PRC (《中華人民共和國海關法》) last amended by the SCNPC on April 29, 2021 and implemented on the same day, the Customs is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who is authorized to supervise the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country,

collects customs duties and other taxes and fees, prevents and combats smuggling, compiles customs statistics and handles other customs operations. The consignee or the consignor of imported or exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Provisions on the Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021, and implemented on January 1, 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises that filed with the customs in accordance with these provisions. Consignees and consignors of import and export goods and customs declaration enterprises shall obtain the qualifications of market entities if they apply for filing. For the consignees and consignors of import and export goods applied for filing, it shall also complete the filing as foreign trade operators.

According to the Regulation of the PRC on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) last amended by the State Council on March 10, 2024 and implemented on January 20, 2025, the state implements a unified administration system to the import and export of goods. No entity or individual may impose or maintain prohibitive or restrictive measures against import and export, except for goods of which the import or export is explicitly prohibited or restricted by laws or administrative regulations.

In accordance with the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) last amended on December 27, 2025 and implemented on March 1, 2026, the department in charge of foreign trade under the State Council shall be responsible for all foreign trade work throughout country, and work with other relevant departments under the State Council to formulate, adjust and issue a catalogue of goods and technologies that are restricted or prohibited from import and export. The department in charge of foreign trade under the State Council or, together with other relevant departments under the State Council, may, with the approval of the State Council, make temporary decisions to restrict or prohibit the import or export of specific goods and technologies not included in the catalogue in the preceding paragraph to the extent permitted by laws.

LAWS AND REGULATIONS RELATING TO ENVIRONMENT PROTECTION

Environment 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 and amended on April 24, 2014 and implemented since January 1, 2015, enterprises, public institutions and other manufacturers shall prevent and reduce environmental pollution and ecological damage, and shall assume liabilities for any damage caused in accordance with the laws. Pollutant-discharging enterprises, public institutions and other manufacturers shall adopt measures to prevent and treat waste gas, waste water, waste residue, medical waste, dust, malodorous gas, radioactive substances generated in manufacturing, construction or any other activities, and any other environmental pollution and hazards such as noise, vibration, ray radiation and electromagnetic radiation. The state implements a permit management system for pollutant discharge in accordance with the law.

Environmental Impact Assessment

According to the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) promulgated by the SCNPC last amended on December 29, 2018 and came into effect on the same date, and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) last amended by the State Council last amended on July 16, 2017 and implemented since October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was last amended by the former Ministry of Environmental Protection on November 20, 2017 and implemented on the same day, the state implements an environmental impact assessment system for construction projects. An environmental impact report is required to thoroughly assess the potential environmental impact if the construction project may result in a material impact on the environment; an environmental impact statement is required to analyze or conduct a project-based evaluation if the construction project may result in slight impact on the environment; a registration form of environmental impact is required to be filed if the construction project may only result in minimal impact on the environment and no environmental impact assessment is required.

Permission for Pollutant Discharges

Pursuant to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and effective on March 1, 2021, the Catalog for Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment on December 20, 2019 and effective on the same day and the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》) promulgated on April 1, 2024 and implemented on July 1, 2024, the State implements the classified pollutant discharge permit management (i.e., key management and simplified management) on pollutant discharges of enterprises based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Enterprises, institutions and other production and operation units that are included in the Catalog for Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) shall apply for and obtain a pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL INSURANCE

Labor Regulations

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5,1994, last amended on December 29, 2018 and implemented since the same date, the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, last amended on December 28, 2012 and implemented since July 1, 2013, and the Regulation on the Implementation of the Employment Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and implemented since the same date, labor contracts shall be entered into in writing if employment relationships are to be established between employers and employees.

Social Insurance

The Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), or the Social Insurance Law, last amended by the SCNPC on December 29, 2018 and implemented on the same day, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and implemented on the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

According to the Interpretation (II) by the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) promulgated by Supreme People's Court on July 31, 2025 and implemented on September 1, 2025, if an employer and a worker have agreed that no social insurance premiums need to be paid, such agreement shall be null and void. Workers are entitled to request economic compensation from the employer when they terminate their employment contracts on this ground.

Housing provident

According to the Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, last amended on March 24, 2019 and implemented on the same day, enterprises are required to complete the registration of contribution to the housing provident fund with the housing fund management center, and the procedures for opening or transfer of the housing provident fund accounts for their employees. Enterprises shall make contribution to the housing provident fund in a timely manner. Where an enterprise fails to pay or underpays the housing provident fund, the housing provident fund management center has the power to order the breaching enterprise to make the payment within a prescribed time limit. If the contribution to the housing provident fund has not been made after the expiration of the time limit, an application may be made to a people's court for mandatory enforcement.

LAWS AND REGULATIONS RELATING TO SANCTIONS LISTS

Specially Designated Nationals and Blocked Persons List (the "SDN List")

The SDN List is a list maintained by Office of Foreign Assets Control ("OFAC") of the U.S. Treasury Department that publicly identifies persons determined by the U.S. government to be involved in activities that threaten or undermine U.S. foreign policy or national security objectives. Individuals, entities, vessels, governments, and organizations can all appear on the list pursuant to the various sanctions programs that are administered by OFAC. Assets of those SDN-designated persons are blocked and U.S. persons are generally prohibited from dealing with them. Furthermore, based on the grounds for SDN designations, certain SDN designations are explicitly subject to secondary sanctions, meaning that non-U.S. persons engaging in transactions with them may also face sanctions risks.

Sectoral Sanctions Identification List (the "SSI List")

The SSI List is another key restrictive list maintained by OFAC that identifies entities operating in specific sectors of the targeted foreign economy — such as financial services, energy, and defense — which are subject to non-blocking, sectoral sanctions. Unlike the SDN List, which generally imposes a total asset freeze and absolute trade embargo, the SSI List prohibits U.S. persons from engaging only in specific types of transactions with listed entities, such as financing, dealing in new debt or equity with certain maturities, or providing specific goods and technology.

Non-SDN Chinese Military-Industrial Complex (the "NS-CMIC List")

The NS-CMIC List is a list published and maintained by OFAC of the U.S. Treasury Department that identifies entities subject to certain investment prohibitions related to Chinese companies deemed by the U.S. government to be a threat to U.S. national security. Originally introduced in November 2020 as the Non-SDN Communist Chinese Military Companies ("NS-CCMC") sanctions regime under Executive Order 13959, the framework was subsequently amended by Executive Orders 13974 and 14032 to refine its scope, clarify ambiguities, and rename the targets as "Chinese Military-Industrial Complex Companies." Under these directives, U.S. persons are generally prohibited from engaging in the purchase or sale of any publicly traded securities, or derivatives thereof, of any entity listed on the NS-CMIC List. Furthermore, these prohibitions extend to any transactions, whether by a U.S. or non-U.S. person, that evade, avoid, cause a violation of, or attempt to violate such restrictions, meaning that non-U.S. persons aiding U.S. persons in these transactions may also face enforcement risks.

Chinese Military-Industrial Complex Companies List (the "CMC List")

Unlike the above-mentioned sanctions lists maintained by the U.S. Treasury Department, the CMC List, published and maintained by the U.S. Department of Defense ("DoD"), identifies "Chinese military companies" operating directly or indirectly in the United States or abroad in accordance with Section 1260H of the National Defense Authorization Act for Fiscal Year 2021 ("FY21 NDAA"), as amended. Under recent legislative updates, including the FY25 and FY26 NDAAs, the definition of a CMC encompasses entities affiliated with or acting on behalf of the Chinese military apparatus, as well as military-civil fusion contributors to the Chinese defense industrial base, and extends to their parent companies or subsidiaries under a 50% ownership rule. While inclusion on the CMC List historically carried primarily reputational harm, listed entities and their affiliates now face escalating direct and indirect statutory prohibitions. Specifically, effective June 30, 2026, the DoD is prohibited from contracting with CMC-listed entities for goods, services, or technology, or contracting with companies that engage in lobbying activities on behalf of such entities. Furthermore, under the FY26 NDAA, elements of the U.S. Intelligence Community are barred from entering into contracts with CMC-listed entities involved in biotechnology research, development, or manufacturing.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) last amended by the SCNPC on October 17, 2020 and implemented since June 1, 2021, and the Detailed Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) last amended by the State Council on December

11, 2023 and implemented since January 20, 2024, patents in the PRC are categorized into invention patents, utility model patents and design patents. Commencing from the date of application, the duration of patent rights for invention patents, utility model patents, and design patents are 20 years, 10 years and 15 years, respectively. The patent right enjoyed by the patentee are protected by law. No person may misappropriate the patent without permission or authorization of the patentee. Otherwise, the use of the patent in question constitutes an infringement of the patent right.

Trademark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) last amended by the SCNPC on April 23, 2019 and implemented since November 1, 2019, and the Regulation on the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) last amended by the State Council on April 29, 2014 and implemented since May 1, 2014, trademarks approved by and registered with the Trademark Office are registered trademarks, including good marks, service marks, collective marks and certification marks. The valid period of a registered trademark is 10 years, commencing from the date of the registration. For continuous use of the registered trademark, the trademark registrant is required to apply for renewal within 12 months before the expiry date. The valid period for each renewal of registration is 10 years, commencing from the date immediately following the expiration of the previous validity period of the trademark.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) last amended by the SCNPC on November 11, 2020 and implemented since June 1, 2021, and the Regulation for the Implementation of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》) last amended by the State Council on January 30, 2013 and implemented on March 1, 2013, works of PRC citizens, legal persons or unincorporated organization, which refer to intellectual achievements in the fields of literature, art, and science that are original and can be expressed in a certain form, whether published or not, enjoy copyrights. A copyright holder enjoys various rights, including the right of publication, the right of authorship and the right of reproduction.

According to the Regulation on Computers Software Protection (《計算機軟件保護條例》) last amended by the State Council on January 30, 2013 and implemented since March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) last amended by National Copyright Administration on June 18, 2004 and implemented since July 1, 2004, the National Copyright Administration is in charge of the registration and administration of copyright for software nationwide and designates the China Copyright Protection Center as the software registration authority. The China Copyright Protection Center grants certificates of registration to computer software copyright applicants who are in compliance with the requirements under the Regulations for the Protection of Computer Software and the Measures for the Registration of Computer Software Copyright.

Domain name

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and implemented since November 1, 2017, domain name registration is handled through domain name service agencies established under relevant regulations, and applicants become domain name holders upon successful registration.

Regulations Relating to Cybersecurity and Data Security

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which was promulgated by the SCNPC and implemented on June 1, 2017, last amended on October 28, 2025 and implemented on January 1, 2026 and other related laws and regulations, network service providers are required to take technical measures to safeguard cybersecurity by complying with cybersecurity obligations, formulating cybersecurity emergency response plans, and providing technical assistance and support to public security and national security authorities. Failure to comply with such laws and regulations may subject the network service providers to administrative penalties including, without limitation, fines, suspension of business operation, shutdown of business websites, revocation of licenses as well as criminal liabilities. The Cybersecurity Law applies to the construction, operation, maintenance and use of the network as well as the supervision and administration of cybersecurity within the territory of China.

After the release of the Cybersecurity Law, on May 2, 2017, the Cyberspace Administration of China (the "**CAC**") issued the Measures for Security Reviews of Network Products and Services (Trial) (《網絡產品和服務安全審查辦法(試行)》), which was later replaced by the Measures for Cybersecurity Review 《(網絡安全審查辦法》). The Cybersecurity Review Measures was promulgated by the CAC and other relevant authorities on April 13, 2020 last amended on December 28, 2021 and implemented on February 15, 2022. The Cybersecurity Review Measures establishes the basic framework and principle for national security reviews of network products and services. Pursuant to the Cybersecurity Review Measures, in addition to critical information infrastructure operators purchasing network products or services that affect or may affect national security, any "online platform operators" controlling personal information of more than one million users which seeks to list on a foreign stock exchange should also be subject to cybersecurity review. Government authorities may initiate a cybersecurity review against an online platform operator if such authorities believe that the network products or services or data processing activities of such operator affect or may affect national security.

Pursuant to the Regulations on the Security Protection of Critical Information Infrastructure, which was promulgated by the State Council on July 30, 2021 and implemented on September 1, 2021, "critical information infrastructures" is defined as critical network facilities and information systems involved in important industries and sectors, such as public communication and information services, energy, transportation, water conservancy, finance, public services, governmental digital services, science and technology related to national defense industry, as well as those which may seriously endanger national security, national economy, livelihood of citizens, or public interests if any damage is suffered or caused to malfunction, or if any leakage of data in relation thereto occurs. Pursuant to these regulations, the relevant governmental authorities are responsible for stipulating rules for the identification of critical information infrastructures with reference to several factors set forth in the regulations, and further identify critical information infrastructure operators in the related industries in accordance with such rules. The relevant authorities shall also notify any operator if it is identified as a critical information infrastructure operator.

The Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021, provides data security and privacy obligations on entities and individuals carrying out data-related activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of the data with respect to economic and social development, as well as the degree of harm that will result in national security, public interests, or legitimate rights and interests of individuals or

organizations if such data is tampered with, destroyed, leaked, or illegally acquired or used. Appropriate protection measures at different levels should be applied for each respective category of data. For example, a processor of important data shall have designated personnel and a management body responsible for data security, carry out risk assessments for its data processing activities and file its risk assessment reports with the competent authorities. In addition, the Data Security Law sets out a national security review procedure applicable to data processing activities that affect or may affect national security and imposes restrictions on the export of certain data.

According to the Regulations on Network Data Security Management (《網絡數據安全管理條例》),which was issued by the State Council on September 24, 2024 and implemented on January 1, 2025, network data processors shall, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, and on the basis of classified protection of cyber security, strengthen the protection of network data security, establish and upgrade the system of network data security management, take technical measures to protect network data, and prevent illegal and criminal activities aiming at or using network data.

Laws and Regulations Relating to Anti-Unfair Competition

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**"), which was latest amended by the SCNPC on June 27, 2025 and implemented on October 15, 2025, business operators shall abide by the principles of voluntariness, equality, fairness and honesty, and comply with laws and business ethics in market transactions. The unfair competition as referred to in the Anti-Unfair Competition Law refers to the acts of business operators that violate the provisions of the Anti-Unfair Competition Law in their production and operation activities, disturb the market competition order, and damage the legitimate rights and interests of other business operators or consumers. Operators who violate the provisions of the Anti-Unfair Competition Law shall bear civil liabilities, administrative liabilities and criminal liabilities depending on the specific circumstances. According to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**"), which was latest amended by the SCNPC on June 24, 2022 and implemented on August 1, 2022, the Anti-Monopoly Law applies to the monopolistic practices in domestic economic activities in the PRC as well as the monopolistic practices outside the PRC which have exclusion or restriction effects on domestic market competitions. The monopolistic practices under the Anti-Monopoly Law include any monopoly agreement reached by any operators, abuse of market-dominating position by any operators and any concentration of operators which has eliminated or limited or may eliminate or limit the market competition. The antimonopoly law enforcement agencies designated by the State Council are responsible for enforcement of the Anti-Monopoly Law in accordance with the provisions of the Anti-Monopoly Law. The antimonopoly law enforcement agencies of the State Council may, according to the needs of their work, authorize the corresponding agencies of the people's governments of provinces, autonomous regions, and municipalities to be responsible for enforcement of the Anti-Monopoly Law. Operators who violate the provisions of the Anti-Monopoly Law may be subject to fines, confiscation of illegal gains, or cessation of illegal activities by the anti-monopoly law enforcement agencies.

LAWS AND REGULATIONS RELATING TO SECURITIES AND OVERSEAS LISTING

Securities Laws and Regulations

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**Securities Law**") last amended by SCNPC on December 28, 2019 and implemented since March 1, 2020, applies to trading activities in securities market in China, including the issuance and trading of securities, takeovers by listed companies, the duties and responsibilities of stock exchanges, securities companies and securities regulatory authorities. Pursuant to the Securities Law, the issuance of securities overseas directly or indirectly by domestic companies or having their securities listed overseas are required to comply with relevant regulations of the State Council, with detailed implementation measures to be issued by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market pursuant to the laws and regulations, to maintain market order, and to ensure lawful supervision of the market. Currently, the issuance and trading of H shares are principally regulated by the laws and regulations promulgated by the State Council and the CSRC.

Overseas Listing Measures

The CSRC issued several regulations regarding the requirements of the management of filings for overseas offering and listing by domestic companies, which promulgated on February 17, 2023 and implemented on March 31, 2023, including the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Measures**").

According to the Overseas Listing Measures, domestic companies seeking to issue and list securities overseas directly or indirectly must submit the required documents to the CSRC within 3 working days after submitting their overseas listing application. The Overseas Listing Measures provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such listing and fund-raising are explicitly prohibited by law, administrative regulations or relevant state stipulations; (ii) the oversea offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) either the domestic company or its controlling shareholder(s), or the de facto controller(s), has/have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest 3 years; (iv) the domestic company is suspected of committing a crime or severe violation of laws and regulations, and is under investigation in accordance with law and no clear conclusion has been made thereof yet; (v) there is/are material ownership dispute(s) over equity interests held by the domestic company's controlling shareholder(s) or the shareholder(s) that are controlled by the controlling shareholder(s) or the de facto actual controller(s).

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering 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》) jointly issued by the CSRC, MOF, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic company that provides or publicly discloses, either directly or through its overseas listed entities, any documents and materials involving state secrets or work secrets of government agencies to entities such as relevant securities companies, securities service providers or overseas regulators, and individuals shall obtain approval from competent authorities with approval authority in accordance with law, and file with the secrecy

administrative department at the same level. The working papers prepared within China by the securities companies and securities service providers that provide relevant services for overseas offering and listing of domestic companies are required to be kept within China. Cross border transfer shall go through the approval procedures in accordance with relevant regulations of China.

OVERVIEW

The history of our Group traces back to the late 1990s, when our Company's predecessor, Jiaxing Rongtai Electrical Equipment Factory* (嘉興市榮泰電工器材廠) (formerly known as Jiaxing Fengqiao Engineering Machine Factory* (嘉興市鳳橋工程機械廠)) was established.

Reformed into a limited liability company in Jiaxing City, Zhejiang Province and after over 20 years of development, under the leadership of Ms. CAO Meisheng and Mr. GE Tairong, our Company has become the global leader and pioneer in mica-based composite materials and related products for new energy applications, distinguished by our technological innovation and industry expertise.

On August 1, 2023, the A Shares of our Company were listed on the Shanghai Stock Exchange (stock code: 603119.SH).

MILESTONES

The following sets out the summary of our Company's key business development milestones:

Year	Milestone
1998	Our Company's predecessor was established in Jiaxing City, Zhejiang Province on April 22, 1998.
2004	Our Company underwent a shareholding reform and was converted into a limited liability company.
2013	We begin to develop fire-safety components for new energy vehicles.
2018	We begin to provide customized thermal runaway management solutions for major automotive manufacturers in the new energy sector.
	We established Rongtai Hunan.
2021	Our Company was converted into a joint stock company with limited liability.
2022	We commenced operations at our deep-processing and manufacturing base in Vietnam
2023	The A Shares of our Company were listed on the Shanghai Stock Exchange (stock code: 603119.SH).
2024	We expanded our global footprint to Thailand and started the layout of our own production base there.
2025	We completed acquisition of Dizi Precision and successfully expanded our business from mica products into key precision structural components for robotics.

MAJOR SUBSIDIARIES

The following sets out the principal business activities, place of establishment/incorporation and date of establishment/incorporation of our Company's subsidiaries that made a material contribution to our Group's results of operations during the Track Record Period.

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to the Company	Principal business activities
Rongtai Hunan . . .	PRC	April 3, 2018	100.00%	Manufacturing and sale of mica-based composite materials and related products
Dizi Precision[(1)] . .	PRC	September 24, 2008	51.00%	R&D, design, manufacturing and sale of precision structural components

Note:

(1) We acquired 51.00% equity interest of Dizi Precision and consolidated its financial results into our Group's consolidated financial statements in June 2025. See "— Acquisition of Dizi Precision" in this section for details.

MAJOR SHAREHOLDING CHANGES OF THE COMPANY

Early Development and Conversion into a Joint Stock Company in 2021

Jiaxing Fengqiao Engineering Machine Factory* (嘉興市鳳橋工程機械廠) could trace its history to January 1994 as initially a township collectively-owned enterprise (村辦集體所有制企業) under the laws of the PRC principally engaged in small-scale manufacturing of vehicle frames, with its registered capital wholly funded by the local village collective of Yaochi Village, Fengqiao Town, Jiaxing, Zhejiang Province (浙江省嘉興市鳳橋鎮瑤池村村集體). Subsequently in October 1997, it was reformed into a shareholding cooperative enterprise (股份合作制企業) under the laws of the PRC and introduced three individual contributors, WANG Zhongping (王忠平) (then person-in-charge of our predecessor), YE Zhiwen (葉志文) and SHEN Baigen (沈佰根), each being an Independent Third Party and holding 32%, 29% and 29% equity interest therein, respectively, with the remaining 10% equity interest owned by the original local village collective. At that stage, its principal business activities expanded to manufacturing and sales of construction machinery and related accessories, serving local customers in the township level. In January 2003, following arm's length negotiations, the then shareholders of Jiaxing Fengqiao Engineering Machine Factory* transferred all the equity interest to Mr. GE Tairong, Ms. CAO Meisheng and CAO Wanrong (曹萬榮) at a total consideration of RMB300,000, upon completion of which Mr. GE Tairong and Ms. CAO Meisheng held an aggregate of 58% equity interest in our predecessor. They have since been responsible for the strategic direction and management of our predecessor, and attributable to their business insights, the principal business activities of our predecessor shifted to the R&D, manufacturing and sales of mica-based composite materials and related products, which continued to be our Group's core business line up to the Latest Practicable Date. Accordingly, our predecessor was renamed as Jiaxing Rongtai Electrical Equipment Factory* (嘉興市榮泰電工器材廠).

In September 2004, under the leadership of Mr. GE Tairong and Ms. CAO Meisheng, our Company's predecessor went through a shareholding reform and was converted into a limited liability company under the laws of the PRC.

Upon completion of the shareholding reform on September 12, 2004, our Company was renamed as Jiaxing Rongtai Electric Material Company Limited* (嘉興市榮泰電工器材有限公司). The then shareholding structure of our Company was as follows:

Shareholder	Equity Interest	Shareholding percentage
Mr. GE Tairong[(1)]	1,080,000	60.00%
CAO Wanrong (曹萬榮)[(2)]	288,000	16.00%
Ms. CAO Meisheng[(1)]	180,000	10.00%
YANG Yinping (楊引萍)[(3)]	126,000	7.00%
Mr. GE Tailiang[(4)]	126,000	7.00%
Total	**1,800,000**	**100.00%**

Notes:

(1) Mr. GE Tairong and Ms. CAO Meisheng are husband and wife.

(2) Cao Wanrong was a then director of our company upon completion of shareholding reform.

(3) Yang Yinping was a then director of our company upon completion of shareholding reform.

(4) Mr. GE Tailiang is Mr. GE Tairong's brother.

Between 2004 and 2018, our Company underwent several rounds of capital increases, upon completion of which its registered capital increased to RMB80,000,000 in June 2018.

On August 24, 2021, our Company was converted into a joint stock company with limited liability and was renamed as Zhejiang Rongtai Electric Material Co., Ltd.* (浙江榮泰電工器材股份有限公司). Upon completion of the conversion, our Company had a total share capital of RMB80,000,000 divided into 80,000,000 Shares. The shareholding structure of our Company immediately following its conversion into a joint stock company was as follows:

Shareholder	Number of Shares	Shareholding percentage
Mr. GE Tairong	37,671,891	47.09%
Mr. GE Tailiang	6,460,058	8.08%
Ms. CAO Meisheng	5,187,837	6.48%
YANG Yinping	4,438,640	5.55%
TANG Wanming (唐萬明)[(1)]	4,198,331	5.25%
CHEN Youxi (陳幼兮)[(2)]	3,533,949	4.42%
CHEN Jiaxing (陳駕興)[(3)]	3,533,949	4.42%
Mr. ZHENG Minmin (鄭敏敏)[(4)]	2,827,159	3.53%
Ms. DAI Dongya (戴冬雅)[(4)]	2,827,159	3.53%
Shanghai Chaotai	880,000	1.10%
Shanghai Congjiong	720,000	0.90%
Other Shareholders[(5)]	7,721,027	9.65%
Total	**80,000,000**	**100.00%**

Notes:

(1) TANG Wanming was a former general manager of our Company.
(2) CHEN Youxi was then a supervisor of Rongtai Hunan.
(3) CHEN Jiaxing was then the general manager of Rongtai Hunan.
(4) Mr. ZHENG Minmin is an executive Director and general manager of our Company. Ms. DAI Dongya is the mother of Mr. ZHENG Minmin.
(5) Other Shareholders include four individual and institutional Shareholders, each being an Independent Third Party and held less than 4.00% of our Company's total issued Shares at that time.

After our Company's conversion into a joint stock company, our Company underwent further capital increases, upon completion of which and immediately prior to the listing of A Shares on the Shanghai Stock Exchange, the total share capital of our Company increased to RMB210,000,000 and its shareholding structure was as follows:

Shareholder	Number of Shares	Shareholding percentage
Mr. GE Tairong	90,977,616	43.32%
Mr. GE Tailiang	15,601,040	7.43%
Yibin Chendao New Energy Industrial Equity Investment Partnership Enterprise (宜賓晨道新能源產業股權投資合夥企業(有限合夥)) ("**Yibin Chendao**")(1)	15,120,001	7.20%
Ms. CAO Meisheng	12,528,626	5.97%
YANG Yinping	10,719,316	5.10%
TANG Wanming	10,138,969	4.83%
CHEN Youxi	8,534,487	4.06%
CHEN Jiaxing	8,534,487	4.06%
Mr. ZHENG Minmin	6,827,589	3.25%
Ms. DAI Dongya	6,827,589	3.25%
Shanghai Chaotai	2,125,200	1.01%
Shanghai Congjiong	1,738,800	0.83%
Other Shareholders(2)	18,646,280	9.68%
Total	**210,000,000**	**100.00%**

Notes:

(1) Yibin Chendao is an institutional investor. Yibin Chendao is a limited partnership incorporated in the PRC and principally engaged in equity investment. As of the Latest Practicable Date, Yibin Chendao was owned as to approximately (i) 0.03% by its sole general partner, Chendao Capital LLP (寧波梅山保税港區晨道投資合夥企業(有限合夥)), whose general partner is Ningbo Meishan Bonded Port Area Yitian Investment Co., Ltd. (寧波梅山保税港區倚天投資有限公司), which was further held as to 67.00% and controlled by GUAN Chaoyu (關朝餘); (ii) 44.10% by its limited partner, Yibin Industrial Investment Group Co., Ltd. (宜賓市產業投資集團有限公司, formerly known as Yibin Emerging Industrial Investment Group Co., Ltd. (宜賓市新興產業投資集團有限公司)), which is indirectly held as to 90.00% and ultimately controlled by the State Owned Assets Supervision and Administration Commission of Yibin Municipal Government (宜賓市政府國有資產監督管理委員會); and (iii) 55.87% by three other limited partners, each holding less than 30% partnership interest therein. To the best knowledge of our Company, each of the aforementioned entities and individuals is an Independent Third Party.
(2) Other Shareholders include five individual and institutional Shareholders, each being an Independent Third Party and holding less than 4.00% of our Company's total issued Shares at that time.

Listing on the Shanghai Stock Exchange

On August 1, 2023, the A Shares of our Company were listed on the Shanghai Stock Exchange (stock code: 603119.SH) (the "**A-Share Listing**"), pursuant to which, our Company offered a total of 70,000,000 A Shares, representing approximately 25% of our Company's enlarged share capital immediately following the completion of the A-Share Listing. Immediately upon completion of the A-Share Listing, the share capital of our Company increased to RMB280,000,000, and the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Shareholding percentage
Mr. GE Tairong	90,977,616	32.49%
Mr. GE Tailiang	15,601,040	5.57%
Yibin Chendao	15,120,001	5.40%
Ms. CAO Meisheng	12,528,626	4.47%
YANG Yinping	10,719,316	3.83%
TANG Wanming	10,138,969	3.62%
CHEN Youxi	8,534,487	3.05%
CHEN Jiaxing	8,534,487	3.05%
Mr. ZHENG Minmin	6,827,589	2.44%
Ms. DAI Dongya	6,827,589	2.44%
Shanghai Chaotai	2,125,200	0.76%
Shanghai Congjiong	1,738,800	0.62%
Other Shareholders[(1)]	20,326,280	7.26%
Other A Shareholders[(2)]	70,000,000	25.00%
Total	**280,000,000**	**100.00%**

Notes:

(1) These other Shareholders included five existing individual and institutional Shareholders prior to our A-Share Listing, each being an Independent Third Party and holding less than 4.00% of our Company's total issued Shares at that time.

(2) Other A Shareholders included holders of A Shares issued in connection with our A-Share Listing, each holding less than 3.00% of our Company's total issued Shares at that time.

Profit Distribution and Capitalization of Capital Reserve

Pursuant to the resolution approved at our Company's 2023 annual general meeting, our Company distributed a cash dividend of RMB0.14 per Share (tax inclusive) to all Shareholders based on the total share capital as of the equity record date (excluding treasury shares). In addition, our Company capitalized its capital reserve into share capital at the rate of 0.3 additional Shares for each Share held. No bonus Shares were issued. Prior to the equity distribution, our Company had 280,000,000 A Shares in issue. After deducting 859,500 A Shares held as treasury shares, 83,742,150 A Shares were issued through the capitalization of capital reserve, increasing the total share capital of our Company to 363,742,150 A Shares with nominal value of RMB1.00 each.

Pursuant to the resolution approved at our Company's 2025 annual general meeting, our Company distributed a cash dividend of RMB0.23 per Share (tax inclusive) to all Shareholders based on the total share capital as of the equity record date (excluding treasury shares). In addition, our Company capitalized its capital reserve into share capital at the rate of 0.3 additional Shares for each Share held. No bonus Shares were issued. Prior to the equity distribution, our Company had 363,742,150 A Shares in issue. After deducting 16,090 A Shares

held as treasury shares, 109,117,818 A Shares were issued through the capitalization of capital reverse, increasing the total share capital of our Company to 472,859,968 A Shares with nominal value of RMB1.00 each.

Acquisition of Dizi Precision

On April 22, 2025, our Company entered into an equity acquisition agreement with the then six shareholders of Dizi Precision (collectively, the "**Dizi Transferors**"), each being an Independent Third Party at the time of the acquisition, pursuant to which the Dizi Transferors agreed to transfer, and our Company agreed to purchase, an aggregate of approximately 41.20% equity interest in Dizi Precision at a consideration of RMB164,800,000. Concurrently, our Company subscribed for the increased registered capital of RMB14,896,000 of Dizi Precision at a consideration of RMB80,000,000. The considerations were determined after arm's length negotiations among the parties with reference to the value of Dizi Precision as of February 28, 2025 as appraised by an independent valuer. Dizi Precision is principally engaged in R&D, design, manufacturing and sale of precision structural components.

Upon completion of the equity transfer and capital increase, our Company held 51.00% equity interest in Dizi Precision and consolidated its financial results into our Group's consolidated financial statements. Accordingly, Dizi Precision became a subsidiary of our Company. Our Directors believe that the acquisition of Dizi Precision strengthened our capabilities in high-precision transmission technologies and advanced our expansion along the industrial value chain.

The aforementioned acquisition and equity transfer had been properly and legally completed and settled on June 12, 2025, and all relevant approvals required from the relevant authorities had been obtained as of the Latest Practicable Date.

Acquisition of Minority Interest in Kingly Gear

On July 14, 2025, our Company entered into an equity acquisition agreement with the then eight shareholders of Guangdong Kingly Gear Co., Ltd.* (廣東金力智能傳動技術股份有限公司) ("**Kingly Gear**") (the "**Kingly Gear Transferors**"), each being an Independent Third Party at the time of the acquisition, pursuant to which the Kingly Gear Transferors agreed to transfer, and our Company agreed to purchase, an aggregate of approximately 9.97% equity interest in Kingly Gear at a consideration of RMB199,336,430. Concurrently, our Company subscribed for the increased registered capital of RMB3,724,000 of Kingly Gear at a consideration of RMB100,659,720. The considerations were determined after arm's length negotiations among the parties with reference to the value of Kingly Gear as of April 30, 2025 as appraised by an independent valuer. Kingly Gear is principally engaged in the R&D, manufacturing and sale of micro intelligent transmission modules, micro gear reduction motors and micro motors.

Upon completion of such equity transfer and capital increase, our Company held 15.00% equity interest in Kingly Gear. Our Directors believe that the acquisition of minority interest in Kingly Gear expanded the layout of the industry chain of our Company.

The aforementioned acquisition and equity transfer had been properly and legally completed and settled on July 16, 2025, and all relevant approvals required from the relevant authorities had been obtained as of the Latest Practicable Date.

Our Directors confirm that the aforesaid acquisitions during the Track Record Period did not give rise to any disclosure requirements pursuant to Rule 4.05A of the Listing Rules.

MAJOR ACQUISITION, MERGER AND DISPOSAL

Throughout the Track Record Period and up to the Latest Practicable Date, our Company did not conduct any material acquisitions, mergers or disposals.

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

Since August 1, 2023, the A Shares of our Company have been listed on the Shanghai Stock Exchange. Our Directors confirm that, since the A-Share Listing and up to the Latest Practicable Date, there had been no instances of material non-compliance of our Company with the applicable rules of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, there are no material matters in relation to the compliance record of our Company on the Shanghai Stock Exchange that should be brought to the attention of the Hong Kong Stock Exchange or potential investors of the [**REDACTED**]. Our PRC Legal Advisor is of the view that, since the A-Share Listing and up to the Latest Practicable Date, there had been no instances of material non-compliance of our Company with the applicable rules of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor's view above, no material matter has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

Our Company seeks to [**REDACTED**] its H Shares on the Hong Kong Stock Exchange to further enhance its capital strength and overall competitiveness, fully leverage the resources and institutional advantages of the international capital markets, optimize the capital structure, broaden diversified financing channels, and comprehensively improve its overall strength. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" in this Document for more details.

LOCK-UP UNDERTAKING

In relation to the listing of our A Shares on the Shanghai Stock Exchange and as a reflection of their confidence in our Company's business prospects, each of our Controlling Shareholders and Mr. GE Tailiang has provided a lock-up undertaking, pursuant to which his/her/it agreed not to dispose of the A Shares of our Company held by his/her/it from the date of our Company's listing on the Shanghai Stock Exchange and up to the 36-month anniversary thereof. Such lock-up undertakings have expired on August 3, 2026. As of the Latest Practicable Date, no other A Shares of our Company were subject to any lock-up arrangements in connection with our A Share listing.

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

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

The [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) will be counted towards the public float for the purpose of Rule 19A.13A(2) of the Listing Rules, representing approximately [**REDACTED**]% of our enlarged share capital (excluding 16,090 A Shares repurchased by our Company as treasury shares as of the Latest Practicable Date), which satisfies the prescribed percentage of the H Shares for which the [**REDACTED**] is sought that are held by the public under Rule 19A.13A(2)(a) of the Listing Rules.

Satisfaction of the Free Float Requirement

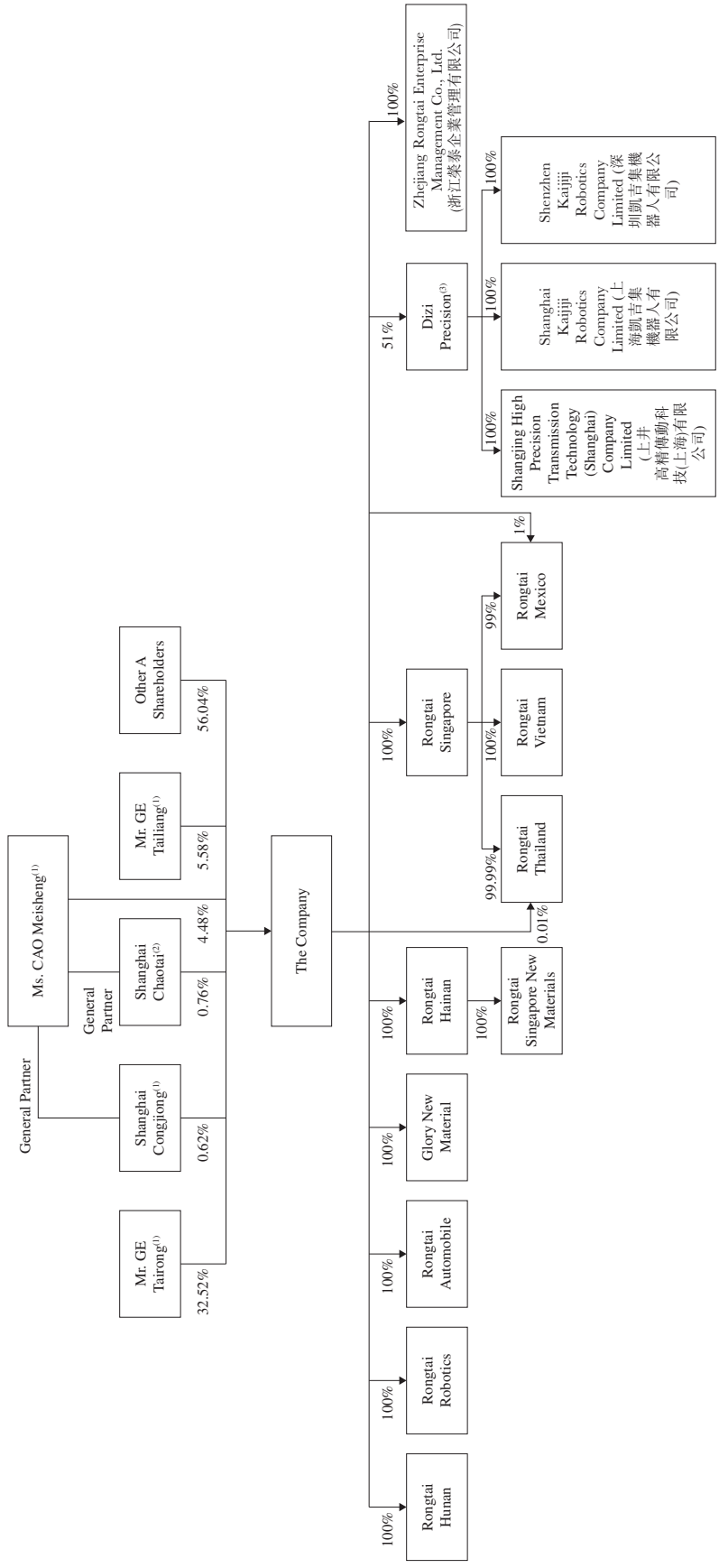
Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the low end of the indicative [**REDACTED**] range, our Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

CORPORATE STRUCTURE

Corporate Structure immediately before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the [**REDACTED**]:



Notes:

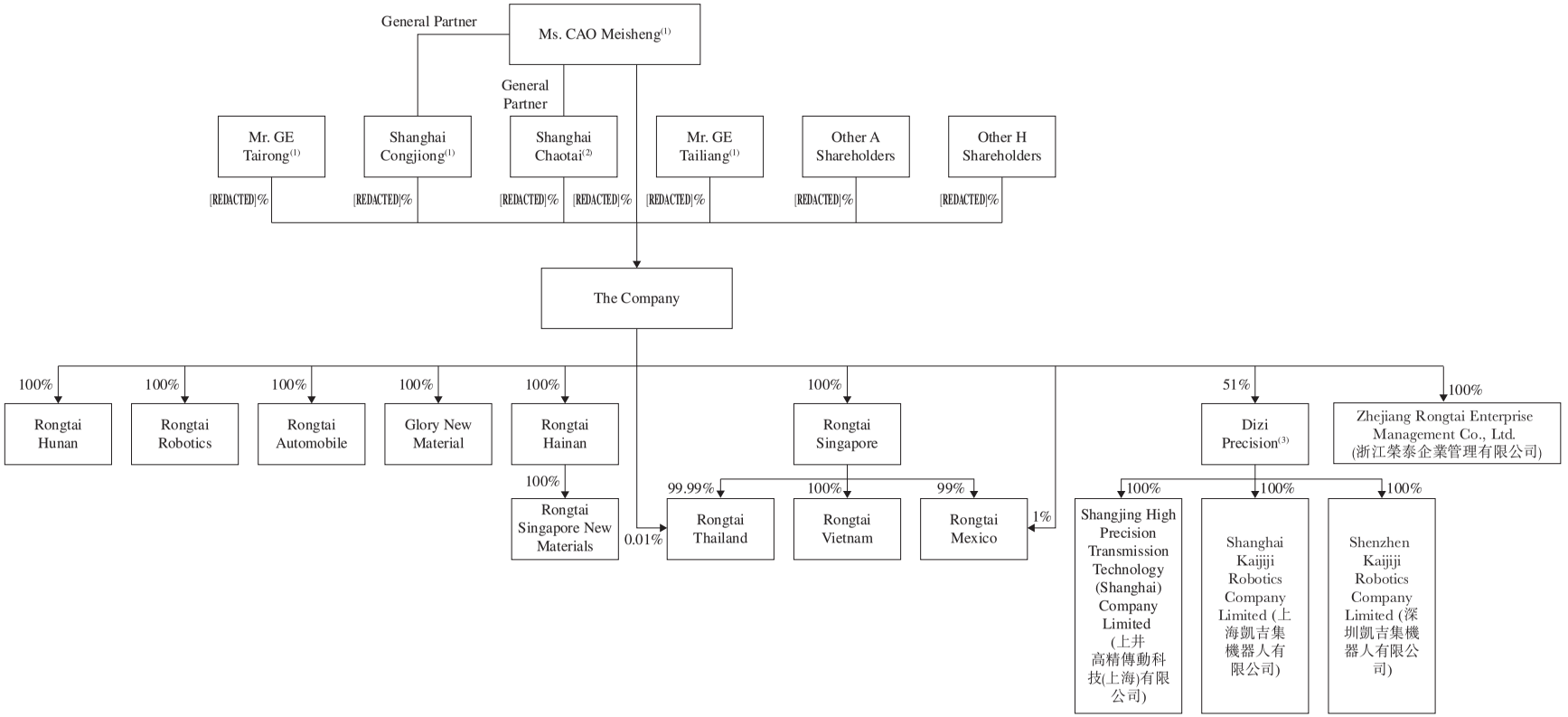
(1) Mr. GE Tairong and Ms. CAO Meisheng are husband and wife. Mr. GE Tailiang is Mr. GE Tairong's brother. As of the Latest Practicable Date, Shanghai Congjiong was owned as to approximately 7.34% by Ms. CAO Meisheng as its general partner, 50.23% by Mr. GE Tairong as a limited partner, 9.14% by Mr. GE Tailiang as a limited partner, 5.00% by CHEN Youxi as a limited partner, 5.00% by CHEN Jiaxing as a limited partner, 4.00% by Mr. ZHENG Minmin as a limited partner, 4.00% by Ms. DAI Dongya as a limited partner and 15.29% by other three limited partners, each being an Independent Third Party and holding less than 10% interest in Shanghai Congjiong. As of the Latest Practicable Date, Mr. GE Tailiang directly held 5.58% interest in our Company and held 9.14% interest in Shanghai Congjiong as a limited partner. Mr. GE Tailiang does not have any acting-in-concert arrangements with Mr. GE Tairong, Ms. CAO Meisheng, Shanghai Congjiong or Shanghai Chaotai in respect of their respective interest in our Company. Mr. GE Tailiang is not involved in our management and operations, and does not hold any positions within our Group. As such, Mr. GE Tailiang is not considered as a controlling shareholder of our Company.

(2) As of the Latest Practicable Date, Shanghai Chaotai was owned as to 33.07% by Ms. CAO Meisheng as its general partner, 1.25% by Ms. RAO Lei as a limited partner and 65.68% by other 29 limited partners who are Independent Third Parties and each holds less than 10% interest in Shanghai Chaotai.

(3) As of the Latest Practicable Date, Dizi Precision was owned as to 51.00% by our Company, 12.14% by HUANG Mingtao (黃明濤), 9.52% by Shanghai Kedi Commercial Information Consulting Enterprise Limited Partnership (上海苛狄商務信息諮詢合夥企業(有限合夥)), whose general partner is HUANG Mingtao, 8.09% by CHEN Zengshou (陳增壽), an Independent Third Party, 7.01% by WANG Lihui (王利輝), a director and general manager of Dizi Precision, 7.01% by WANG Liyong (王利用), a director of Dizi Precision, and 5.21% by Shanghai Neizu Technology Consulting Partnership (Limited Partnership) (上海鑼祖技術諮詢合夥企業(有限合夥)), whose general partner is HUANG Mingtao. HUANG Mingtao, WANG Lihui, WANG Liyong, Shanghai Kedi Commercial Information Consulting Enterprise Limited Partnership and Shanghai Neizu Technology Consulting Partnership Enterprise (Limited Partnership) are therefore our connected persons at subsidiary level.

Corporate Structure immediately after the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Notes:

(1) and (3) See "— Corporate Structure — Corporate Structure immediately before the [**REDACTED**]" in this section.

OVERVIEW

We are the global leader and pioneer in mica-based composite materials and related products for new energy applications, distinguished by our technological innovation and industry expertise. According to Frost & Sullivan, the global and China market sizes of mica products in the new energy sector were RMB4.7 billion and RMB3.9 billion in 2025, respectively. We ranked first globally and in China in the mica product market for the new energy sector in terms of revenue in 2025, with market shares of 22.7% and 12.7%, respectively. Leveraging our robust technological innovation capabilities, customer-centric collaborative R&D and globally integrated lean manufacturing capabilities, we have established ourselves as a leading provider of advanced mica-based composite materials and related products for the new energy sector. Our mica-based composite materials and related products are designed to provide thermal protection, flame-retardant insulation and electrical safety, and are primarily applied in new energy vehicles, household appliances and fire-resistant cable applications. Leveraging our cross-sector expertise in precision processing technologies and our close alignment with customer requirements, we have successfully expanded our business from mica products into key precision structural components for robotics. Looking ahead, as policies and safety standards become more stringent, downstream sectors are placing greater emphasis on safety. At the same time, advances in product performance and technology are enabling mica products to meet a broader range of application requirements. As a result, the use of mica products in the new energy sector is expected to expand into more scenarios, further increasing our addressable market.

As an industry pioneer, we have focused on the R&D and production of mica materials for over two decades. Capitalizing on the rapid development of the new energy sector, we entered the NEV and energy storage sectors at an early stage, accurately identifying market opportunities and providing high-quality mica products for new energy applications. According to Frost & Sullivan, mica products began to see preliminary application in the power battery and energy storage sectors in 2012, and gradually achieved scaled adoption after 2016. Our Company commenced the research and development of mica products for new energy applications in 2013. Through the continuous accumulation of customer insights, we have deepened our understanding of industry trends and customer requirements. Supported by technological innovation and guided by customer requirements, we provide customers with comprehensive assurance across the value chain, from collaborative R&D to high-quality product delivery. We have focused on continuously enhancing product quality, improving operational efficiency, optimizing customer experience and exceeding customer expectations, thereby creating long-term and stable value for our global customers.

We have achieved notable results in market position, R&D innovation, manufacturing capabilities and customer accumulation. The following table sets forth our leading market position and key business highlights:

Market Leadership[1]

Mica product market in the new energy sector:

Global **No. 1**, market share **22.7%**

China **No. 1**, market share **12.7%**

Technology Innovation

Led or participated in the formation of **12** national, industry or group standards

283 patents in the PRC, including **74** invention patents[2]

Established one of the few provincial-level enterprise technology centers in the industry and undertook more than five provincial key R&D projects, whilst maintaining a postdoctoral research workstation

Manufacturing

World's leading integrated production capacity for mica-based composite materials and related products

Full-process quality traceability and consistently high product qualification rates; multiple awards from leading global customers

Customer Coverage[3]

New energy business covers **three** of the world's top five NEV manufacturers, **four** of the top five power battery suppliers and **three** of the top five energy storage suppliers

Key precision structural component business covers major global humanoid robot manufacturers

Extensive Production & Sales Footprint

Four global production and deep-processing bases in Jiaxing, Yueyang, Shanghai and Vietnam, including two intelligent manufacturing bases

Products sold across Asia, Europe and the Americas, covering more than **40** countries and regions

Profitability

41.8% Revenue Growth

34.0% Net Profit Growth in FY2024 vs FY2023

21.2% Revenue Growth

22.7% Net Profit Growth in 2025 vs 2024

Notes:

(1) According to Frost & Sullivan, in terms of revenue in 2025.

(2) As of the Latest Practicable Date.

(3) According to Frost & Sullivan, the world's top five NEV manufacturers are ranked based on sales volume in 2025, while the top five power battery suppliers and top five energy storage suppliers are ranked based on revenue in 2025.

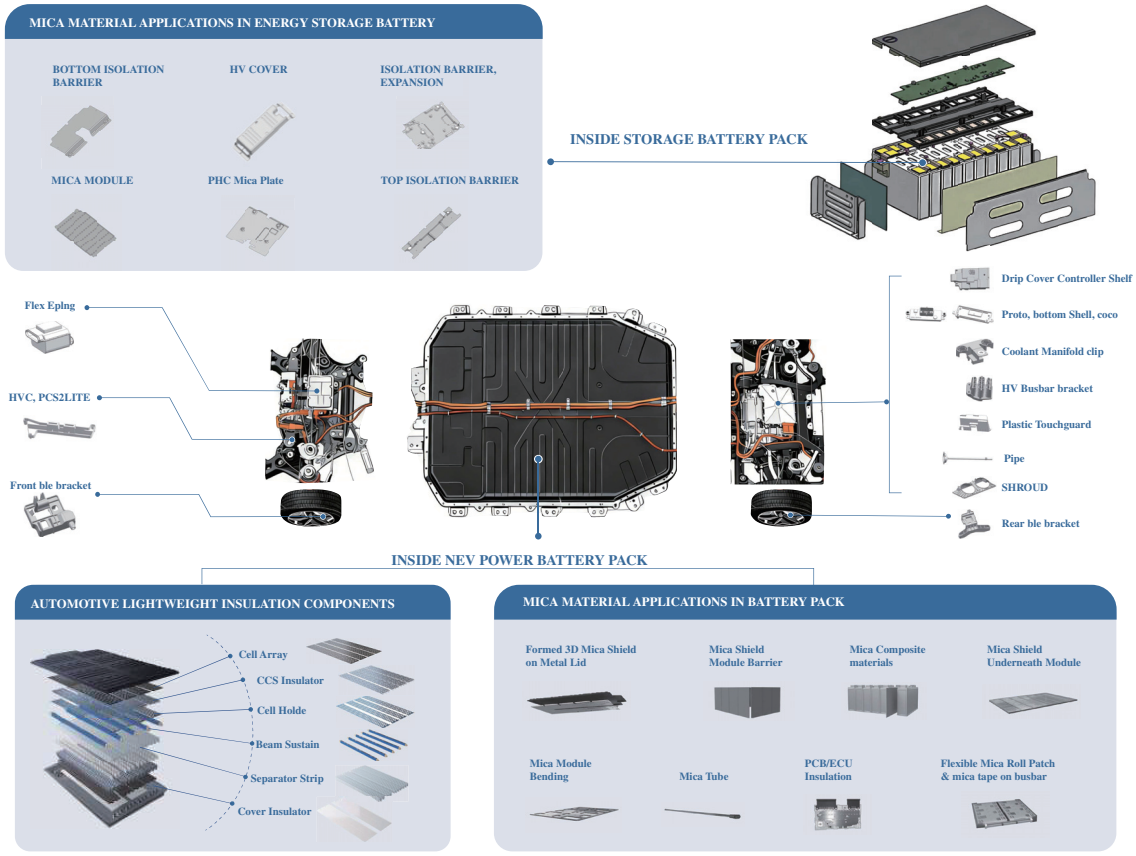
We focus on technological innovation and precise market insight, leveraging our industry-leading position to provide customers with comprehensive assurance and collaborative R&D across the value chain. We strengthen lean manufacturing and product quality, ensuring timely and high-quality delivery as well as robust assurance services, thereby deepening stable partnerships with leading global customers. Internationally, we have established a deep-processing base in Vietnam and a production base in Thailand, which was undergoing trial production as of the Latest Practicable Date. We also plan to further expand

the production capacity of our Thailand production base to expand our global footprint and enhance our overseas manufacturing and delivery capacity. As of the Latest Practicable Date, our products were sold in more than 40 countries and regions worldwide.

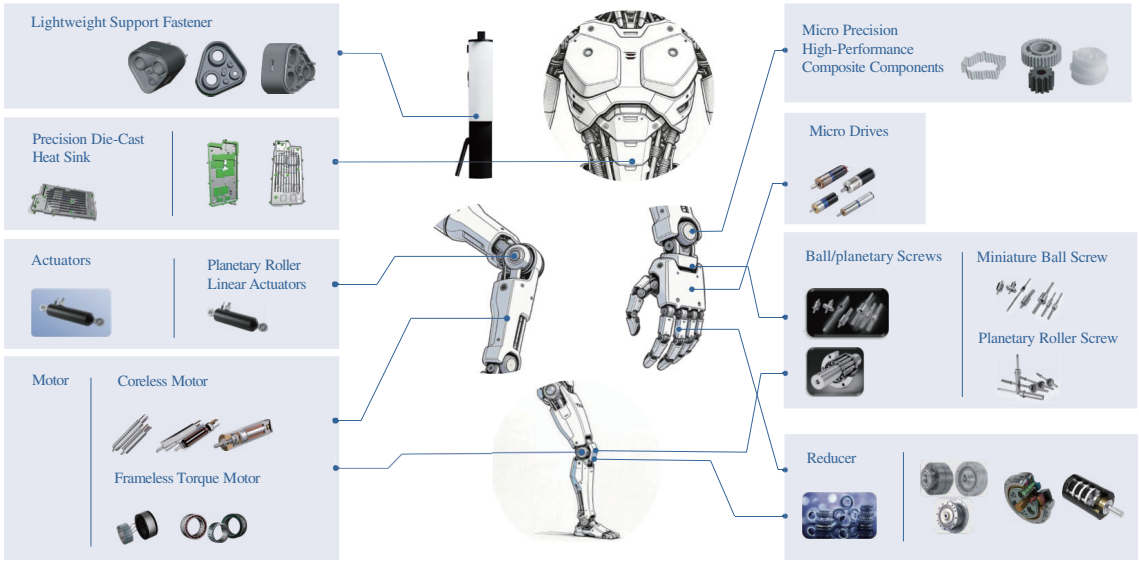
Drawing on our established technological and manufacturing strengths and our quality customer resources in mica materials, we have strategically entered the market of key precision structural components for robotics through acquisitions. We will continue to strengthen product R&D and refine manufacturing processes in this segment, aiming to achieve large-scale and stable supply and to build a robust foundation for our key precision structural components business. At the same time, we are actively exploring new application scenarios for key precision structural components, such as their applications in robotics, commercial low-altitude economy and new types of industrial engineering applications, to comprehensively enhance our core competitiveness and drive sustainable growth.

Our Product Portfolio

The following diagram illustrates our mica-based composite materials and related products for new energy applications:



The following diagram illustrates our precision structural components and related products for key robotics applications:



Our Milestone

Since our conversion into a limited liability company in 2004, we have focused on the research, development, production and sales of mica-based composite materials and related products. Over the past two decades, we have expanded our product applications from home appliances and cables to the new energy sector. Through ongoing technological innovation and close collaboration with leading customers, we have consistently strengthened our R&D and manufacturing capabilities, further consolidating our industry leadership.

Our key development milestones are as follows:



Our Collaborations with Leading Customers

We have developed a deep understanding of customer requirements and can accurately identify new market opportunities, providing customers with end-to-end collaborative R&D and timely delivery. Through years of collaboration with leading industry participants, we have built a strong reputation and earned the trust of our customers, supporting a strong base of top-tier customers.

In NEV applications, we have established long-term and stable business relationships with globally renowned NEV manufacturers and Tier-1 automotive component suppliers. In the power battery sector, we maintain partnerships with leading global power battery manufacturers. In energy storage battery applications, we have formed long-term cooperation with globally recognized energy storage battery suppliers. In addition, we also serve leading customers in other industrial applications, including home appliances and cables. We have established relationships with leading global humanoid robot manufacturers and certain NEV manufacturers. We are actively exploring new industry application areas and, going forward, will continue to focus on the development and delivery of products centering on core precision structural components and their extended assemblies and modules.

We adopt a customer-oriented approach, underpinned by technological innovation, to provide customers with products of outstanding quality, deepen existing customer relationships, expand our customer base and enhance our core competitiveness and market influence.

Our Financial Performance

During the Track Record Period, our revenue, results of operations and profitability continued to improve. Our revenue increased by 41.8% from RMB800.3 million in 2023 to RMB1,134.8 million in 2024, and further increased by 21.2% to RMB1,375.8 million in 2025. Our revenue increased by 56.9% from RMB572.5 million in the six months ended June 30, 2025 to RMB898.4 million in the six months ended June 30, 2026. Our gross profit increased by 28.7% from RMB282.3 million in 2023 to RMB363.4 million in 2024, and further increased by 25.3% to RMB455.3 million in 2025. Our gross profit increased by 60.6% from RMB190.2 million in the six months ended June 30, 2025 to RMB305.5 million in the six months ended June 30, 2026. Our gross profit margin was 35.3%, 32.0%, 33.1%, 33.2% and 34.0% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our net profit increased by 34.0% from RMB171.8 million in 2023 to RMB230.3 million in 2024, and further increased by 22.7% to RMB282.6 million in 2025. Our net profit increased by 26.3% from RMB123.7 million in the six months ended June 30, 2025 to RMB156.3 million in the six months ended June 30, 2026.

OUR STRENGTHS

Established Operating History and Application Know-how in Mica-Based Composite Materials for New Energy Applications

Since our conversion into a limited liability company in 2004, we have focused on insulation materials and developed operating experience in mica-based composite materials and related products. Our high-temperature insulation products were initially used primarily in home appliances, cables and industrial applications. As downstream application requirements evolved, we expanded our product applications to NEVs, energy storage systems and other new energy applications.

Through our experience in material formulation, product processing and customer-specific application requirements, we have developed mica-based composite materials and related products for multiple application scenarios, including NEV passenger vehicles, NEV commercial vehicles, power batteries and energy storage systems. Our products are designed to provide thermal protection, flame-retardant insulation and electrical safety, and are adapted to different battery cells, modules, battery packs and other customer application systems.

Our long operating history and application know-how allow us to respond to evolving product specifications, safety requirements and application scenarios in the new energy sector. According to Frost & Sullivan, we ranked first globally and in China in the mica product market in the new energy sector in 2025 in terms of revenue, with market shares of 22.7% and 12.7%, respectively.

Technology-Driven Collaborative R&D with Customers

Foundational Research-Anchored R&D Platform

We focus on technological innovation as the driving force for sustainable development. We have built a platform-based strategic R&D system that integrates in-house R&D, expert-led cooperative R&D and joint R&D with universities and research institutes, enabling continuous progress in foundational material science and product innovation. Our Zhejiang headquarters hosts a provincial-level enterprise technology center, a provincial key enterprise research institute, a provincial-level industrial design center and a provincial high-tech enterprise R&D center, which are government-recognized R&D platforms established to support sustained research activities, applied research and technology commercialization on an institutional basis. We also maintain long-term, close R&D collaborations with the Zhejiang Tsinghua Yangtze River Delta Research Institute, Zhejiang University of Technology, Tongji University Zhejiang College and Jiaxing University (used to known as Jiaxing College (嘉興學院)).

In 2018 and 2021, our self-developed projects "High-weather-resistant Mica Composite Insulation Materials for NEVs" and "R&D and Industrialization of High-insulation and Refractory Mica Composite Materials for High-power Induction Furnaces" were recognized as Zhejiang provincial key high-tech product development projects.

In 2023, we led the development of "Insulation Silicone Foam Mica Board" and "Flexible Coating Mica Composite Materials," which were recognized as Zhejiang provincial industrial new product development projects. Together, these achievements demonstrate our strong and sustained R&D capabilities across foundational research, technology industrialization and continuous product innovation. Leveraging years of foundational research and application-driven innovation, we have led or participated in the formation of 12 national, industry or group standards. As of the Latest Practicable Date, we held 283 patents in the PRC, including 74 invention patents, 201 utility model patents and eight design patents.

We place great emphasis on R&D team development under this platform-based structure, with four dedicated R&D teams:

- Products for NEV applications, focusing on power battery insulation and thermal runaway protection solutions;

- Home appliance and industrial products, supporting optimization of our traditional businesses;

- New materials, pursuing foundational material research and new technologies in specialized domains;

- Key precision structural components, focusing on core component technologies and products for robotics.

Customer-Driven, End-to-End R&D Collaboration

We implement R&D innovation based on customer needs and market insight, engaging throughout the customer development cycle. We participate from the early design stage, working closely with customers on component design, matching solutions, prototype development, mold design, module development and fitness testing across NEV, energy storage and traditional industrial applications. Supported by advanced laboratory and testing capabilities, our R&D team works end-to-end from product design through validation and development, integrating technical expertise and advanced manufacturing processes with customer requirements to deliver a collaborative R&D model that enhances competitiveness and fosters long-term customer partnerships.

In the new energy sector, we have developed numerous model-specific products adapted to different customer platforms and battery pack structures, and continue to iterate these offerings, earning strong recognition from leading global OEMs and top energy storage suppliers. In robotics applications, we design and develop precision structural components and related joint modules, and maintain stable cooperation with leading global humanoid robot manufacturers. Through collaborative R&D, we have delivered motors, linear actuators, transmission components, gearboxes and auxiliary components, to customers in the field of robotics, while advancing our robotics key components toward greater functionality and modularization. This collaborative approach has enabled us to build deep, long-term partnerships and foster strong customer loyalty.

Lean Manufacturing and Comprehensive Quality Management, Enabling Timely and Reliable Product Delivery

Continuous Optimization of Production Efficiency

We focus on lean manufacturing and have accelerated the development of intelligent manufacturing facilities, enhancing the digitalization, informatization and automation of our operations.

Through advanced information management, our global supply chain and production lines are seamlessly integrated, enabling flexible line configuration, precise cost control and improved production efficiency. We maintain long-term, stable partnerships with global suppliers of key raw materials such as mica ore, ensuring stable sourcing and price visibility.

Our production lines support numerical and intelligent control across mold design, material flow and precision processing. Our manufacturing processes are mature and stable, operated by experienced professional technical personnel and supported by advanced production and testing equipment. The lean manufacturing model shortens production cycles, reduces material waste and lowers defect rates, enabling us to continuously optimize cost control and enhance production efficiency while maintaining consistent product quality.

Stringent Quality Management System and Full-Process Traceability

We adhere to a quality-first philosophy and have established a stringent quality management system with standardized controls to ensure consistently stable and reliable product quality. As of the Latest Practicable Date, we had obtained IATF 16949 automotive quality management, the automotive-specific quality management system standard mandating defect prevention and supply-chain consistency, ISO 9001 quality management, ISO 14001 environmental management and ISO 45001 occupational health and safety certifications. Our products had passed major international certifications, including UL certification, and complied with applicable regulatory and conformity requirements, such as FDA, RoHS and REACH.

In 2021, our thermal runaway protection insulation components received Zhejiang's "Pin" quality mark certification; in 2022, "Glory Mica" was recognized as a "Zhejiang Export Famous Brand"; in 2022, our product "Hard phlogopite board for NEVs" was included in the Zhejiang "Manufacturing Excellence" list. We operate a digitalized full-process traceability system based on blockchain technologies, enabling real-time tracking of product information from raw material input to finished-product delivery, and utilize batch identification, process records, in-process quality inspections and labeling throughout the manufacturing process to support product-level traceability. Customers can access detailed product information, specifications, parameters, raw material inspection reports and finished product inspection reports via product barcodes.

We continuously upgrade our quality management practices, exploring advanced quality improvement methods to further enhance product reliability and stability. Our relentless pursuit of quality has earned us a strong reputation and high recognition from global partners.

Integrated Domestic and Overseas Manufacturing Footprint for Cost Efficiency and Global Market Responsiveness

Domestic Production Bases for Cost Efficiency

We have established production bases in Jiaxing, Zhejiang and Yueyang, Hunan, forming an integrated manufacturing network that supports cost efficiency, supply chain coordination and scalable production. By locating manufacturing close to upstream supply sources for production materials and downstream customers, we are able to optimize logistics, reduce procurement and transportation costs and enhance overall supply chain responsiveness.

Our Jiaxing base has been continuously upgraded and optimized, with a focus on lean manufacturing, standardized processes and capacity integration. Our newly invested NEV safety components capacity expansion project at this site has commenced production, which increased domestic production capacity and further enhanced economies of scale through higher utilization, standardized production lines and consolidated procurement. This scale-up strengthens our cost competitiveness while supporting consistent quality and delivery for high-volume applications. Our Yueyang base focuses on the R&D, production and sales of mica boards and other products, serving as a key upstream integration platform for high-temperature insulation products. In 2023, to support business growth, we invested in a new energy mica product manufacturing project for the production of mica boards in Yueyang, Hunan Province. The project has completed construction and commenced trial production in September 2025, and is expected to complete overall acceptance and commence full-scale commercial production in 2026. Together, our Jiaxing and Yueyang facilities enable large-scale, integrated production of mica-based materials and components, supported by lean manufacturing

practices and coordinated capacity planning. This integrated and scaled domestic manufacturing footprint underpins our cost advantages, supports consistent product quality and provides a solid foundation for serving both domestic and international customers efficiently.

Overseas Deep-Processing and Production Bases with Extensive Sales Channel Networks

Since our inception, we have placed strong emphasis on developing overseas markets. Through years of sustained effort, our products have gained broad market recognition, and are sold across Asia, Europe and Americas. To further strengthen our global market presence and support overseas demand, we have established international sales networks and local operational capabilities in key markets, including Singapore, Germany, Sweden and the United States, covering major customer regions. In parallel, we have progressively developed overseas manufacturing and deep-processing capabilities to support the globalization of our manufacturing capacity in line with the electrification trend in the automotive industry. We commenced operations at our deep-processing and manufacturing base in Vietnam, which serves as our overseas hub for assembling mica-based composite products from semi-finished boards and paper materials. As of the Latest Practicable Date, our Thailand production base was undergoing trial production, further expanding our international manufacturing capacity for mica products and precision structural components.

Our global manufacturing and deep-processing footprint, together with our extensive sales networks, bring us closer to local customers and enable us to better understand their needs and market trends. By leveraging localized supply chains and production, we are able to deliver high-quality products to global customers more quickly and efficiently. This structure also allows us to respond promptly and effectively to fluctuations in overseas demand and supply chain conditions.

Stable Partnerships with Leading Global Customers, Jointly Advancing Industry Innovation

Our products are widely adopted by leading global customers across the new energy, automotive, industrial and robotics sectors, and have received broad recognition and high evaluation from premium customers. Through deep and stable cooperation, we have continuously strengthened our relationships with these key customers, enabling us to anticipate and respond to evolving market needs and drive sustained growth. We have received multiple supplier and quality awards, including "Best Supplier," "Excellence in Quality," "Quality Collaboration" and "Sustainable Development" from well-known European and Asian automobile manufacturers.

Our NEV-related business serves three of the world's top five NEV manufacturers, and, in the power battery and energy storage sectors, we maintain long-term cooperation with four of the world's top five power battery suppliers and three of the world's top five energy storage suppliers. In industrial applications, we work closely with leading customers in the home appliance and cable industries. In robotics, we have built strong partnerships with leading global humanoid robot manufacturers and certain NEV manufacturers, and we continue to develop new products for customers in the embodied intelligence sector, focusing on core precision components and related modules.

Building on the recognition of our products and services, we pursue collaborative R&D with our customers. Through forward-looking technology planning, product development and system solution innovation, we maintain ongoing interactions with customers, promptly addressing technical challenges and meeting emerging needs. This mutual empowerment enables us and our customers to jointly explore frontier technologies and industry innovation, fostering a mutually beneficial, collaborative and dynamic industry ecosystem.

Strategic Expansion into Robotics Precision Components, Building a Synergistic Second Growth Engine

Backed by sustained R&D capabilities and a track record of reliable product quality, we have developed solid technical foundations, mature manufacturing processes and a diversified customer base across multiple industries. Based on our assessment of industry value chains and technology pathways, we identified strategic opportunities arising from the commonality of precision processing technologies and the alignment of customer requirements between our existing businesses and emerging robotics applications. Leveraging these synergies, we have expanded into robotics precision components, forming a complementary business line that supports diversified growth alongside our core operations.

In 2025, we completed the acquisition of Dizi Precision, a domestic manufacturer specializing in precision structural components. The acquisition was undertaken to strategically extend our manufacturing capabilities from mica-based materials and components into precision structural components, particularly for robotics and advanced automation applications. Dizi Precision's products are widely used in applications such as robotics, medical equipment, 3C electronics, semiconductors and precision actuators. Through this acquisition, we expanded our involvement in precision structural component manufacturing within the robotics supply chain.

Robotics applications place increasingly stringent requirements on precision, reliability and consistency of key precision structural components. Such products typically involve high manufacturing thresholds and process expertise, creating natural barriers to entry. By integrating Dizi Precision's manufacturing capabilities with our existing engineering experience, supply chain resources and quality management systems, we are able to support the development and delivery of key precision structural components for robotics applications in an orderly and disciplined manner.

Building on our established customer relationships and operational foundation, we have steadily expanded our presence in the robotics segment, enriched our product offerings and deepened cooperation with customers. The integration of Dizi Precision enables closer coordination between our mica-based material business and precision structural component manufacturing, including through the provision of integrated product offerings in application scenarios such as NEVs and robotics, where customers may procure both mica-based component materials and key precision structural components within the same project or system. This facilitates cross-selling opportunities, shared customer engagement and more efficient resource utilization. We leverage our established customer relationships in the new energy sector to introduce precision structural component products to customers with evolving needs. During the Track Record Period, certain customers, including a leading global electric vehicle manufacturer, procured both our mica-based products and precision structural components, evidencing the initial commercialization of such cross-selling. Customer engagement is centrally managed, with our Group responsible for customer interface and sales, and Dizi Precision focusing on product development and manufacturing, enabling efficient customer coverage and resource allocation. In addition, we realize operational synergies across procurement, manufacturing and quality control, including centralized procurement of partially

shared components to optimize costs and integrated production management through MES, WMS and ERP systems. Supported by our integrated supply chain, material research capabilities and lean manufacturing experience, we believe this strategic expansion positions us to cultivate a second growth curve while maintaining operational stability and long-term development resilience.

Experienced, Professional and Forward-Looking Management Team with Strong Accountability

Our management team is composed of seasoned professionals with deep industry experience, a pragmatic management style and a strong sense of responsibility. Members of our management team have been engaged in the high-temperature insulation mica materials industry for decades, leading our R&D, technology, manufacturing and market functions with a combination of technical expertise and practical insight. Under their leadership, we have achieved stable organic growth and delivered outstanding results of operations.

Our management team's extensive industry experience brings a forward-looking vision and the ability to anticipate and adapt to industry trends. We have a proven track record of timely adjusting and refining our development strategies and business layouts in response to market direction and customer needs. This agility has enabled us to seize market opportunities through strategic acquisitions, such as the integration of Dizi Precision, and resource consolidation, enriching our product portfolio and expanding our business footprint.

Our management team's commitment to innovation and operational excellence is reflected in our continuous investment in R&D, intelligent manufacturing and global expansion. We have built a culture that encourages accountability, collaboration and high performance, which has been instrumental in maintaining our leading position in the industry and supporting our long-term sustainable development.

OUR STRATEGIES

Expand Lean Manufacturing Capacity and Sustain Market Leadership

We focus on expanding our global production capacity for mica products in the new energy sector to capture the rapid growth of the NEV, power battery and energy storage markets, and to further consolidate our market leadership.

To support this growth, we will continue to expand our global manufacturing footprint and enhance localized production capabilities. In Thailand, our production base in Nong Yai was undergoing trial production as of the Latest Practicable Date. We plan to further expand the production capacity of our Thailand production base to support future large-scale production and stable delivery. By strengthening our supporting supply chain, warehousing and logistics systems, we aim to reduce operational complexity, improve efficiency and better manage global trade dynamics and raw material price volatility. See "Use of [**REDACTED**]."

In parallel, we will continue to advance lean manufacturing across our global production bases through disciplined investment in intelligent factory construction. By optimizing supply chain and production line coordination, introducing advanced production and testing equipment and upgrading local workforce capabilities, we will further enhance digitalization, automation and process control. These initiatives are expected to support more precise cost management, higher production efficiency and consistent product quality, reinforcing our competitive position in the global market.

Accelerate R&D and Product Iteration, and Deepen Collaborative R&D with Customers

We will continue to strengthen foundational technology research, enhance our R&D industrialization capabilities and accelerate the iteration of mica-based composite materials and related products and key precision structural components. We will integrate internal and external R&D resources, deepen our technical advantages and participate more actively at the forefront of the value chain through collaborative R&D and process optimization with customers.

In the new energy sector, we will continue to align with the electrification trends of global automotive OEMs, consolidate and expand our NEV product portfolio and maintain close dialogue with both existing and new customers to accelerate product upgrades. In robotics, we will focus on core precision components and extend to modules and assemblies, providing systematic support to leading global robot manufacturers and broadening application scenarios for our robotics business.

Strengthen Global Marketing Network and Expand Customer Base

We operate with a market- and customer-oriented approach, continuously deepening our global footprint and advancing our globalization strategy to better serve international customers and capture new market opportunities. Our global marketing and service network covers the United States, Germany, Sweden, Singapore and Thailand, enabling us to respond rapidly to customer needs and industry trends worldwide.

To further consolidate our market share and expand our influence, we are actively building and optimizing sales and service channels in major overseas markets, including Europe and the Americas. We are also investing in digital marketing, localized customer support and after-sales service systems to enhance customer engagement and satisfaction.

By leveraging our strong brand reputation, comprehensive product portfolio and proactive marketing efforts, we have established long-term partnerships with leading global NEV manufacturers, power battery and energy storage suppliers and robotics firms. We will continue to strengthen our global marketing network, accelerate the development of new and overseas customers and broaden our market reach, ensuring that we remain at the forefront of the industry and drive sustainable growth.

Enhance Global Operational and Management Efficiency through Coordinated Domestic and Overseas Operations

We will implement informatized and intelligent management approaches in group management, cross-company communication and coordination to improve operational efficiency and overall management effectiveness. Using high-efficiency intelligent software, we will continue to invest in information systems across R&D, production, human resources, financial management, administration, marketing and visualized process management to make remote collaboration easier, facilitate smoother employee communication and raise overall group management standards.

Increase Investment in Mica-Based Composite Materials and Key Precision Structural Components to Support Long-Term Growth

We have already established a presence in robotics key precision structural components through strategic acquisitions, enriching our product matrix, enabling more comprehensive customer solutions and creating greater value. We will continue to analyze industry ecosystems and value, leverage advantages in process commonality and customer correlation, evaluate the coupling and synergy of our strengths and identify new directions and fields that can bring strategic value. Through strategic investments or acquisitions, we aim to achieve vertical deepening and horizontal integration of industry value.

OUR BUSINESS MODEL

We specialize in the R&D, production and sales of (i) high-temperature resistant mica-based composite materials and related products and (ii) key precision structural components. Our business is driven by technological innovation, close customer collaboration and integrated supply chain management, underpinned by our commitment to delivering advanced electrical and thermal insulation products to leading manufacturers worldwide, primarily in the new energy sector. Our product portfolio primarily comprises (i) mica-based composite materials and related products for new energy sector and other applications, and (ii) key precision structural components for robotics and other advanced automation applications. Leveraging collaborative R&D, lean manufacturing and a global supply chain and service network, we support customers through customized product development, enabling us to respond efficiently to their requirements on safety, performance and cost.

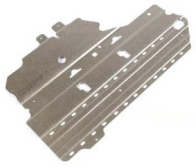
During the Track Record Period, we generated revenue primarily through the sales of mica-based composite materials and related products, including safety component for NEVs, flame-retardant insulation parts for home appliances and flame-retardant insulation tapes for cables, among others. Following our acquisition of Dizi Precision in June 2025, we expanded our product portfolio to include precision structural components and began generating revenue from the sales of precision structural components, primarily for robots and advanced automation applications. For revenue breakdown by product categories, see "Financial Information — Description of Major Components of our Results of Operations Revenue — Revenue by Product Categories."

OUR PRODUCTS

We provide a range of advanced mica-based composite materials and related products and key precision structural components used mainly across NEVs, home appliances, cables and robotics. Our mica-based composite products deliver thermal protection, flame-retardant insulation and electrical safety mainly for NEVs, home appliances and cables. For NEVs, our solutions cover all battery-system levels, cells, modules and packs, offering safety components, precision-machined mica parts, boards, rolls, tubes and lightweight insulation that meet strict fire resistance and electrical standards, with additional applications in energy storage battery systems in non-NEV sectors. We collaborate with major NEV manufacturers early in development to align with evolving technical and regulatory needs. For home appliances, we supply mica heaters, boards, rolls and tailored components that ensure reliable thermal management for microwave ovens, hair dryers, electric cookers, toasters and smart toilets. In cables, our mica tapes provide robust fire-resistant insulation for specialty cables, ensuring durability and compliance with international requirements.

In addition, we manufacture key precision structural components primarily for robots and advanced automation applications. Our capabilities span the entire process from design and development to mass production, supported by advanced computer numerical control equipment and flexible manufacturing systems. These products include lightweight frames, transmission modules, and other structural parts tailored for robotics and intelligent manufacturing. Leveraging our expertise in mold design, precision machining, and modular integration, we provide customized and project-based offerings that enable close collaboration with customers' R&D processes and ensure responsiveness to evolving requirements across the robotics value chain. Through advanced R&D, flexible manufacturing and close collaboration with our customers, we integrate these products into system-level offerings that deliver superior performance, reliability and compliance with international safety standards. Our expertise in material science and engineering allows us to provide tailored, advanced mica-based composite materials and key precision structural components that support innovation and long-term value creation for our clients in high-value industries.

The following chart presents our key application scenarios and related products:

Key Application Areas	Products	Use Cases	Illustration
NEV	Thermal runaway protection insulation components, lightweight structural components and other mica-based products	Thermal runaway protection and electrical insulation for battery cells, modules, battery packs and entire vehicles; insulation and structural support for autonomous driving systems, energy storage systems and low-altitude aircraft	
Home Appliances	Mica heaters, mica boards, mica rolls and precision-machined mica components	Flame-retardant insulation for home appliances with heating functions, including microwave ovens, hair dryers, electric cookers, toasters and smart toilets	
Cable	Mica tapes	Flame-retardant insulation protection for cables and specialty cables	
Robotics Applications	Motors, linear actuators, transmission components, gearboxes and auxiliary components	High-precision motion control and structural components for robotics and automation equipment	

The following table sets forth our key operating metrics for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Shipment volume[(1)] (tons)	19,184	25,785	27,035	15,590
Number of customers during the period[(2)]	1,281	1,350	1,904	1,476

Notes:

(1) Shipment volume in 2025 and the six months ended June 30, 2026 included the shipment volume of precision structural components of Dizi Precision following the completion of its acquisition in June 2025.

(2) The number of customers in 2025 and the six months ended June 30, 2026 included all customers of Dizi Precision following the completion of its acquisition in June 2025.

Our customer base remained relatively stable with a gradual upward trend during the Track Record Period. In addition, shipment volume increased significantly from 19,184 tons in 2023 to 27,035 tons in 2025, and reached 15,590 tons in the six months ended June 30, 2026, primarily due to higher sales of mica-based composite materials and related products.

Mica-based Composite Products and Related Products

Our offerings span both new energy and non-new energy sectors, addressing diverse customer needs in safety, insulation and system reliability. Building on our core mica-based material technologies, we have developed a comprehensive product portfolio that serves distinct application scenarios across these sectors.

Our mica-based composite materials constitute an important part of this product portfolio. These materials are engineered around natural or synthetic mica, which provides the core thermal resistance, fire resistance and electrical insulation performance required across our application scenarios. In production, mica is combined with resin-based adhesive systems, such as silicone- or epoxy-based binders, and, where appropriate, reinforcing materials including glass fibre cloth or polymer films, to achieve the necessary mechanical characteristics and processability. The fire-resistant and high-temperature performance of our products is primarily determined by the mica substrate, changes in adhesive content would generally not materially affect such performance, but may affect the strength and structural integrity of the product. Different mica types and resin systems may affect the fire-resistant and high-temperature performance of our products, as well as their mechanical characteristics and cost structure, depending on the application scenario. For risks related to the material cost, please refer to "Risk Factors — Risks Relating to Our Business and Industry — Our reliance on third-party suppliers for production materials may expose us to risks relating to supply chain disruptions, quality control or non-compliance, which may harm our business." There is no industry-wide standard prescribing a uniform minimum mica content for a product to be considered "mica-based." Instead, product formulations vary depending on the intended application and the required thermal, fire-resistant, electrical insulation and mechanical performance.

Mica-based composite materials and related products primarily comprise mica-based products, and also include certain ancillary or supporting components that are not based on mica as the principal material or functional component. These ancillary or supporting components are made primarily from engineering plastics or elastomer materials for structural, sealing or protective purposes, are integrated together with our mica-based composite materials in end-use systems, and are not marketed or sold separately as standalone products.

The following table sets forth the breakdown of shipment volumes and average selling prices of our mica-based composite materials and related products for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,	
	2023		2024		2025		2026	
	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP
	(Sales volume in tons, ASP in RMB'000/ton)							
Mica-based composite materials and related products								
***Products for NEV applications*[(1)]**								
Thermal runaway protection insulation components	9,844	58.3	14,526	60.8	17,341	60.3	9,952	61.3
Lightweight structural components	2	147.0	104	146.8	126	141.4	572	153.6
Products for non-NEV applications								
Home appliances	5,705	19.7	6,355	18.9	5,189	20.4	2,685	18.9
Cables	2,170	24.1	2,515	23.1	2,593	23.2	1,110	23.8
Other products[(2)]	1,440	30.5	2,149	19.9	1,717	25.9	1,249	19.3
Key precision structural components[(3)]								
Motor[(4)]	–	–	–	–	N/A	N/A	N/A	N/A
Linear actuators	–	–	–	–	5	8,180.7	5	8,458.5
Transmission Components	–	–	–	–	12.4	2,890.1	12	3112.4
Gearboxes[(4)]	–	–	–	–	N/A	N/A	N/A	N/A
Auxiliary Components[(4)]	–	–	–	–	N/A	N/A	N/A	N/A
Others[(5)]	23	756.9	136	117.8	52	224.4	4	818.5
Total	19,184	41.7	25,785	44.0	27,035	50.9	15,590	57.6

Note:

(1) Mica-based products, including tapes and plates, were included in thermal runaway protection insulation components and lightweight structural components.

(2) Other products primarily included products applied in industrial, rail transportation, 3C, general machinery and other industry applications.

(3) The ASP of key precision structural components in 2025 was relatively higher, primarily due to variations in product sizes, models and technical specifications. The relatively lower sales volume during the year/period was mainly attributable to the lighter weight of such precision components, which also contributed to the relatively higher ASP. Accordingly, the ASP may not be fully representative.

(4) The production and sales volumes of our key precision structural components are measured based on the weight of key transmission components (i.e. screws), and the unit price is therefore calculated on a per-weight basis. In contrast, motors, gearboxes and auxiliary components do not include such screws, and we do not measure or track these products on a weight basis. As such, the relevant weight information and unit price are not applicable on a per-weight basis for these products.

(5) Others primarily comprised primary mica products and scrap.

Products for NEV applications

We focus on mica-based safety and insulation solutions for the new energy sector, with an emphasis on enhancing battery thermal runaway protection and electrical insulation performance. Leveraging high-performance mica-based composite materials, we provide a range of products serving distinct functions within battery systems, including thermal runaway protection insulation components and lightweight structural components. Our thermal runaway protection insulation components are primarily designed to provide thermal barrier protection and electrical insulation, while our lightweight structural components are primarily designed to provide structural support, positioning and lightweight integration. Our products cover the

full spectrum from individual cells and modules to battery packs and complete systems. We offer end-to-end customization to meet requirements for safety, durability and sustainability across different application scenarios, supported by rapid technical assistance throughout the project lifecycle to ensure efficient implementation. To deliver these advanced products, we rely on a portfolio of high-performance mica-based composite products, including thermal runaway protection insulation components, lightweight structural components and other mica-based materials and related products.

Thermal Runaway Protection Insulation Components

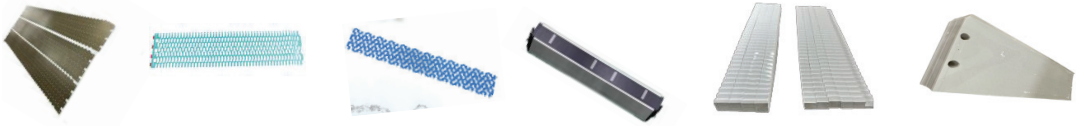


Our precision-engineered thermal runaway protection insulation components are primarily designed for power battery systems in new energy vehicles, with additional applications in energy storage battery systems in non-NEV sectors. During the Track Record Period, revenue attributable to thermal runaway protection insulation components applied in battery energy storage and other non-NEV application scenarios remained below 2% of the revenue from thermal runaway protection insulation components in each year. These components include shrouds, coolant manifold clips, anti-drip covers, controller brackets, flexible insulation covers and formed three-dimensional mica protection panels. They are developed using mica and high-performance resin-based composite materials through compression-molding processes.

These components maintain structural integrity under extreme thermal and electrical conditions, providing exceptional high-temperature resistance and electrical insulation performance. Their primary function is to provide thermal barrier protection and electrical insulation within battery systems, particularly during thermal runaway events. Their superior mechanical strength and resistance to chemical exposure, including acids and alkalis, ensure long-term durability in the demanding environments of new energy vehicles.

With fully customizable dimensions and precise tolerance control, our products can be tailored to specific battery system configurations, enabling accurate integration and reliable insulation within battery modules and packs. This adaptability allows our solutions to effectively support the safety, stability and performance requirements of next-generation power battery systems and energy storage battery applications.

Lightweight Structural Components

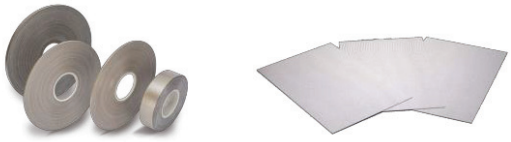


We provide a specialized range of lightweight structural components designed for advanced electric vehicles, ensuring superior thermal and electrical protection while supporting structural integrity and weight reduction. These advanced components are primarily designed to support structural integration, mechanical stability and lightweight design under normal operating conditions, covering multiple critical areas within the battery system. In particular, our products include battery array insulation barriers for cell-to-cell thermal isolation and electrical safety, CCS charging interface insulators for the protection of high-voltage connectors and fast-charging interfaces, cell support frames that provide

lightweight yet high-strength support for secure cell positioning and vibration resistance, reinforced crossbeam support elements that enhance module rigidity and mechanical stability, thin separator strips that improve module-to-module safety and thermal management, and flame-retardant upper cover insulation sheets that provide protection against heat and electrical hazards.

These components are engineered to provide essential mechanical support and insulation during routine operation of battery systems, contributing to overall system stability, efficiency and weight optimization. By integrating these mica-based composite materials and related products, such as cell holders, beam sustain elements, cover insulation products and flexible mica roll patches, automotive manufacturers can achieve optimal safety, efficiency and lightweight design for electric vehicle battery packs. Our components are tailored to meet stringent industry standards and customer-specific requirements, delivering reliability and performance for modern NEV platforms.

Other Mica-based Products



We offer a comprehensive range of mica tapes and mica plates, which serve as foundational insulation materials for NEV battery systems and other advanced applications. These products are engineered to meet stringent fire-resistance, electrical insulation and mechanical performance standards, supporting the safety and reliability of battery modules, packs and related components.

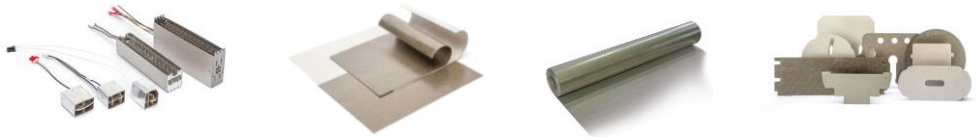
Mica tapes are advanced fire-resistant insulation materials manufactured using high-quality synthetic, phlogopite or calcined mica paper, reinforced with glass fiber cloth or polymer films. They provide critical fire barriers and insulation layers within battery cells, modules and packs, effectively isolating and protecting against thermal runaway. Mica tapes exhibit exceptional fire resistance, withstanding temperatures of no less than 750 °C and maintaining insulation integrity at 1,000 V for up to 90 minutes. Their superior mechanical strength and flexibility ensure reliable performance during high-speed wrapping and integration into complex battery geometries. Mica tapes are resistant to acids, alkalis and aging, and are compliant with RoHS and REACH regulations. Available in various thicknesses, widths and extended lengths, they support large-scale NEV battery production and ensure compliance with international fire-resistance standards (IEC60331, BS6387).

Mica plates are high-performance laminated insulation materials available in rigid, flexible, glossy and extra-thick variants. In NEVs, mica plates function as structural insulation panels, separators and protective barriers within battery assemblies, including module bottom shields, formed 3D mica shields and cover insulation products, as illustrated in our product applications. These plates deliver outstanding high-temperature and insulation performance, with dielectric strength of up to 15 kV/mm and reliable insulation at 500-1,000 °C. Their mechanical properties include high flexural strength, hardness and elasticity, making flexible plates suitable for integration into complex battery designs. Mica plates are environmentally safe, free from toxic substances and emit no harmful gases at high temperatures. They can be machined or cut to bespoke shapes, ensuring seamless integration into diverse NEV battery configurations.

By integrating mica tapes and mica plates into NEV battery systems, automotive manufacturers can achieve robust fire protection, electrical insulation and structural reliability, supporting optimal safety and performance for advanced electric vehicles.

Products for non-NEV applications

Home Appliances



We offer a comprehensive range of mica-based insulation products for home appliances with heating functions. Our portfolio includes mica heaters, boards, rolls and precision-machined mica components, all designed to provide flame-retardant insulation and reliable thermal management tailored to the specific requirements of modern home appliances. These products are widely used in applications such as microwave ovens, hair dryers, electric cookers, toasters and smart toilets. Engineered for exceptional fire-resistant performance, our mica-based insulation ensures user safety and compliance with stringent appliance standards, even under repeated high-temperature cycles. With high dielectric strength and thermal stability, our products maintain insulation integrity and operational reliability throughout the product's lifecycle. The customizable shapes and integration options support diverse appliance designs, enabling seamless incorporation into compact or complex assemblies. All of our home appliance insulation components are free from toxic substances and fully compliant with RoHS and REACH regulations. By integrating our mica-based heaters, insulation panels, rolls and custom-machined parts, appliance manufacturers can achieve superior safety, energy efficiency and design flexibility, meeting evolving consumer expectations for both performance and reliability in the home appliance sector.

Cables



We also provide a specialized portfolio of mica-based insulation materials for flame-retardant and other specialty cables, supporting critical infrastructure and industrial safety. Our cable insulation products, including mica tapes are engineered to deliver robust flame-retardant protection and reliable electrical insulation in demanding environments. These materials are widely adopted in fire-resistant power cables and specialty cables for industrial, commercial and transport applications. With outstanding flame-retardant and insulation performance, our mica-based materials ensure cable integrity and operational safety under extreme temperature and voltage conditions. Their superior mechanical strength and flexibility facilitate efficient cable wrapping and installation, supporting both large-scale manufacturing and custom cable designs. Our products are resistant to acids, alkalis and aging, and are fully compliant with RoHS and REACH regulations. Available in a range of thicknesses, widths and lengths, they can be tailored to meet diverse cable specifications and project requirements. By integrating our mica-based tapes, cable manufacturers can achieve reliable flame-retardant insulation, meet international fire-resistance standards such as IEC60331 and BS6387 and safeguard critical systems against fire hazards. Our products empower clients to deliver high-performance, safety-compliant cables for modern infrastructure and industrial needs.

Key Precision Structural Components

We offer a comprehensive portfolio of key precision structural components and motion control products for robots and advanced automation applications. Our product range includes motors, linear actuators, transmission components, gearboxes and other auxiliary components, all engineered to deliver high performance, reliability and integration flexibility for intelligent robotics.

Motors



Our frameless motors and brushless coreless cup motors are designed for collaborative robots, humanoid robots and high-end automation systems. Frameless motors cover stator diameters from 14 to 200 mm and feature segmented concentrated windings, high-grade silicon steel and premium magnets, achieving efficiency of over 92% and power density up to 38 NŁm/kg. These motors are vacuum-potted for durability and compact integration. Brushless coreless motors are available in various diameter specifications, with customizable lengths and gearbox ratios, delivering ultra-low noise, high power-to-weight ratio and rapid dynamic response for robotics and precision automation.

Linear actuators



Our robot linear actuators combine thrust bearing, hollow motor, roller screw, encoder, seal and housing in a compact, integrated architecture. Available in models with diameters of 30 mm, 50 mm, and 58 mm, these linear actuators deliver thrust outputs of 50 kg, 400 kg, and 800 kg, respectively, supporting linear joints from the arms to the legs. They offer superior efficiency, low noise and micro-vibration for smooth posture control, and are customizable for diverse joint requirements. Additional linear actuator offerings include compact linear actuators (such as PRMC30, Z-axis actuator, SLS miniature linear actuator and SSD miniature screw electric actuator), each engineered for space-constrained installations, high thrust, precision motion and closed-loop servo integration.

Transmission Components



Our miniature ball screws and planetary roller screws enable high-efficiency power transmission and precise motion control in robotic joints. Miniature ball screws are manufactured down to 1.4 mm diameter, achieving C1 grade accuracy for micrometer-level positioning, while planetary roller screws cover diameters from 4 mm to 180 mm, optimized for heavy-load actuation and high-frequency operations. These components are produced using advanced grinding and inspection processes to ensure dimensional uniformity and stable performance.

Gearboxes



We provide miniature precision gearboxes designed for high-accuracy transmission in space-constrained installations. Gear modules reach a minimum of 0.075 mm, with outer diameters from 6 to 100 mm, supporting high load capacity, low noise and long-life, reliable operation. These precision gearboxes can be paired with same-size stepper motors, brushed and brushless DC motors or coreless motors, and are customizable for reduction ratios and torque to meet diverse application requirements.

Auxiliary Components





Our portfolio also includes micro drives and precision die-cast heat sinks, among others, supporting efficient power transmission and thermal management for robotics. By integrating these precision-engineered products, robotics and automation manufacturers can achieve superior performance, reliability and scalability for collaborative robots, humanoid robots and intelligent manufacturing platforms.

OUR TECHNOLOGIES

Our core technologies are the foundation of our leadership in the high-temperature insulation and fire protection materials industry, enabling us to deliver advanced products for NEVs, energy storage batteries, specialty cables and industrial applications. Our core technologies are protected by a robust intellectual property portfolio and are continuously advanced through internal R&D and industry collaboration. They enable us to deliver reliable, high-performance and customizable insulation and fire protection products for the world's most demanding applications. Key product and manufacturing technologies include:

Integrated Lamination and Composite Technology

Utilizing self-developed silicone resin systems and multi-layer lamination processes, we produce a wide range of rigid and flexible mica composites. By integrating mica paper with glass fiber cloth, ceramic fiber and high-performance polymer films, we achieve products with superior fire resistance, mechanical strength and customizable thickness profiles. This technology forms the foundation of our high-performance mica plates, mica tapes and structural parts.

Three-Dimensional Forming and Molding Technology

We have pioneered three-dimensional hot-pressing and integrated molding techniques, overcoming the inherent brittleness and low ductility of traditional mica materials. According to Frost & Sullivan, our Company commenced relevant technology research and development in 2018 and obtained the relevant national invention patent certificates during the period from

2021 to 2022. This allows for the manufacture of complex, multi-surface and multi-cavity insulation components, particularly for battery modules and electrical drive systems in NEVs. Our technology supports the production of seamless, high-strength and precisely shaped mica parts.

Fire-Resistant Mica Tape Production and Coating

Our continuous production lines employ modified silicone resin impregnation, precision coating and high-temperature drying to manufacture mica tapes that maintain insulation integrity at 1,000 °C and 1,000 V for up to 90 minutes. These tapes meet or exceed IEC 60331 and BS 6387 international fire-resistance standards and are widely used in fire-resistant cables for critical infrastructure.

High-Performance Mica Tube and Epoxy Laminate Technology

We have developed advanced formation technologies for mica tubes, significantly enhancing their dielectric and mechanical properties. Our in-house epoxy lamination processes enable the production of large-scale, high-strength insulating boards for demanding industrial and energy applications.

Functional Mica-Based Composite Material Development

Through the integration of mica with vermiculite, ceramic fibers and nano-materials, we have created new composite materials with enhanced strength, insulation and lightweight properties. These innovations expand the application of mica-based materials and related products into emerging fields such as energy storage, robotics and advanced industrial automation.

High-Precision Micro-Transmission Manufacturing

We have developed advanced manufacturing processes for miniature ball screws, planetary roller screws and micro gearboxes, enabling ultra-miniaturization and extreme accuracy for robotic joints and actuators. Utilizing high-precision internal and external thread grinding, multi-process heat treatment and full gear profile inspection, we achieve screw diameters as small as 1.4 mm and gear modules down to 0.08 mm. These processes ensure micrometer-level positioning accuracy (up to JIS C0 grade for ball screws), minimal transmission error and consistent quality across large-scale production, supporting the demanding requirements of robots and precision automation.

Integrated Compact Actuation Architecture

Our proprietary integration technology combines thrust bearings, hollow motors, roller screws, encoders, seals and housings into a single, highly compact actuator module. This one-piece architecture eliminates external couplers, significantly reduces installation volume and enhances structural stability by minimizing error and wear. The result is a new generation of linear actuators and motion modules that deliver high thrust output, rapid dynamic response and long-term reliability for robot joints and other space-constrained applications.

Advanced Motor Winding and Assembly Technologies

We employ segmented concentrated winding, multi-strand winding with PCB end connections and vacuum potting with epoxy resin to produce frameless and coreless motors with exceptional efficiency, power density and durability. Kevlar-reinforced rotors and integrated sealing processes further enhance environmental resistance and operational lifespan. These technologies enable our motors to improve efficiency and power density, and achieve ultra-low noise and vibration, supporting high-performance collaborative robots, humanoid robots and precision automation systems.

RESEARCH AND DEVELOPMENT

We implement an R&D strategy that combines market orientation with technological innovation, ensuring the preservation of our traditional business advantages while expanding into new areas. Our R&D team consists of dedicated talent focusing on developing and commercializing our products, which helps maintain our technological advantages and market competitiveness. As of June 30, 2026, our R&D team consisted of 187 personnel. Our R&D process is standardized and includes project application and approval, research project implementation and management, final evaluation and the transformation and protection of technological achievements. Our products are continuously iterated and upgraded in line with market demand and technological progress. There is no material difference in the R&D capabilities required for developing mica composite materials and related products compared to key precision structural components and related products. During the Track Record Period, our research and development expenses amounted to RMB45.1 million, RMB61.3 million, RMB65.5 million, RMB26.4 million and RMB47.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 39.4%, 44.1%, 37.3%, 35.6% and 38.8% of our total operating expenditure, which included selling and marketing expenses, administrative expenses and research and development expenses for the respective periods.

R&D Process

Our product development process is built on a structured and safety-oriented framework, with each stage designed to ensure that our core self-developed technologies meet stringent reliability and performance standards. The R&D workflow incorporates rigorous validation and integration checkpoints throughout, supporting efficient and high-quality product delivery. The overall R&D process is divided into the following key phases:

- *Project Initiation.* Formal approval of new product development projects based on market demand and strategic direction.

- *Design Phase*. Definition of technical architecture, materials selection and process planning tailored to application requirements.

- *Prototype Development.* Fabrication of prototypes and initial samples for functional and performance assessment.

- *Testing and Validation.* Comprehensive testing of prototypes, including electrical, thermal, mechanical and safety evaluations.

- *Final Evaluation and Approval.* Review of test results and technical performance to confirm readiness for commercialization.

- *Technology Transformation and Protection.* Transfer of validated designs to production, with systematic protection of intellectual property.

Each phase is managed by dedicated teams and subject to strict internal controls, ensuring that our products consistently achieve industry-leading standards for quality and reliability.

SALES AND MARKETING

We have adopted a direct sales model to sell products to leading NEV manufacturers, major home appliance enterprises, cable manufacturers and trading companies. Leveraging our sales network, we effectively expand sales opportunities for our products and increase brand awareness. This approach also allows us to accumulate valuable market and process expertise, focusing on R&D-driven strategies to refine our products and nurture customer relationships. We have earned the strong loyalty of these customers who are willing to maintain a stable business relationship with us.

We have established a comprehensive sales and marketing network covering both domestic and international markets, covering over 40 countries and regions worldwide, ensuring extensive market coverage and diverse customer touchpoints. Our overseas sales are primarily generated through exports from China. Entities and individuals engaged in foreign trade or the import and export of goods shall comply with PRC laws and regulations, including the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》), the Regulations of the People's Republic of China on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》), as well as the Catalogue of Goods Prohibited from Export (《禁止出口貨物目錄》) and the Catalogue of Goods Prohibited from Import (《禁止進口貨物目錄》) issued from time to time by the competent authorities for import and export.

During the Track Record Period, our export products primarily consisted of mica-based composite materials and related products. As advised by our PRC Legal Advisor, our products were not subject to export control restrictions under PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. Nor have we been notified by our customers of any control restrictions under PRC laws and regulations in connection with their purchase of our products.

Our revenue derived from exports to Vietnam amounted to RMB1.3 million, RMB2.3 million, RMB2.9 million, RMB1.4 million and RMB1.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, and we are not aware of any export restrictions applicable to such exports. For revenue contribution from overseas markets, see "Financial Information — Description of Major Components of our Results of Operations Revenue — Revenue by Geographic Region."

Sales Team and Network

As of June 30, 2026, our sales team consisted of 91 personnel with strong technical knowledge of our product applications and experience in the electrical materials industry. We provide systematic training covering product technology and sales processes, regular technical training and participation in industry conferences to stay abreast of the latest trends.

Domestically, our sales team works closely with major customers, particularly in the new energy sector, where we participate in early-stage R&D and provide after-sales warehousing and on-site support. Overseas sales and technical support teams are responsible for customer maintenance and technical consultation, while cross-border coordination meetings are held regularly to synchronize project progress and address customer needs.

We are strengthening our global sales and service network by expanding our presence across Asia, Europe, the Americas and other key regions. This diversified sales deployment brings us closer to local customers and enhances our responsiveness across major markets.

Pricing

Our pricing policy is mainly based on a cost-plus approach. In determining prices, we consider raw material, processing and labor costs, technical differences, customer requirements, supply chain dynamics, procurement strategies, expected gross margin for each product and the competitive landscape in the relevant market. This methodology is consistently applied across both new energy and robotics sectors to ensure that prices accurately reflect actual costs and targeted profitability.

Certain sales, including those involving large institutional or enterprise customers, are secured through structured procurement processes that may involve competitive bidding or negotiation. For international customers, pricing is typically determined through direct discussions and long-term commercial arrangements, reflecting prevailing market conditions and the nature of the business relationship.

We maintain open communication with customers regarding changes in raw material prices, logistics costs and exchange rates and negotiate pricing adjustments as needed. Our pricing strategy is reviewed regularly to ensure alignment with market trends and business objectives. Our pricing is not subject to government guidance or regulatory restrictions, allowing us to respond flexibly to evolving customer needs and market conditions.

Marketing

We leverage our strong brand reputation, comprehensive product portfolio and proactive marketing efforts to drive order acquisition. We target NEV manufacturers and other accounts, supported by tailored promotional strategies according to customer tier and product line. The marketing team plays a central role in enhancing brand visibility and promoting our proprietary insulation and fire protection products through technical exchanges, product showcases and joint development initiatives with leading customers in the new energy sectors. We actively participate in industry exhibitions and technical forums, both domestically and internationally, to demonstrate our technological capabilities and product innovations. Our marketing strategy emphasizes customized offerings, cost efficiency and end-to-end responsiveness, differentiating us from foreign competitors through a lean cost structure and rapid service cycles. At the same time, we build competitive advantages among domestic brands by delivering superior product quality, technical expertise and continuous innovation.

After-Sales and Warranty

We provide practical after-sales support to customers across all business lines. Our approach emphasizes prompt communication and assistance, ensuring that customer inquiries and requests are addressed efficiently. For orders requiring ongoing technical support or follow-up, we engage with customers as needed to resolve issues. We provide essential after-sales services, including maintenance of customer-specific molds, throughout the

applicable warranty period or such other service period as contractually agreed with our customers. Such ongoing technical support and follow-up primarily relate to orders for both mica-based composite materials and key precision structural components, which require continuous technical assistance during the trial production and mass production phases. Customers are also provided with compliance documentation and testing reports to meet regulatory and quality requirements.

Our sales, after-sales and technical teams maintain regular communication to ensure customer feedback is addressed promptly. For customized or significant orders, we assemble dedicated teams as necessary to manage the entire process, from requirements confirmation through to delivery and post-delivery support. Effective coordination and issue resolution are achieved through ongoing communication and digital platforms. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns, any contract terminations or material losses arising from after-sales matters, and we did not experience any material product liability incidents.

OUR PRODUCTION

Production Bases

As of June 30, 2026, we operated a network of production bases in China and internationally, including the Jiaxing Production Base, Yueyang Production Base, Shanghai Production Base and the Vietnam Advanced Processing Base. We have obtained all material permits and licenses required for our self-owned production sites and operate such facilities in compliance with applicable laws and regulations. Our facilities provide integrated manufacturing capabilities for a range of products, including mica-based composite materials and key precision structural components, thereby ensuring stable supply, enhanced production efficiency and rigorous quality control.

The following table sets forth the key information of our production bases as of June 30, 2026:

Production Base	Main Products	Gross Floor Area
		(sq.m.)
Jiaxing Production Base	Mica-based composite products	166,363
Yueyang Production Base	Mica materials	89,606
Shanghai Production Base	Precision structural components	12,523
Vietnam Advanced Processing Base[(1)]	Mica-based composite products	8,149

Note:

(1) The Vietnam advanced processing base is dedicated exclusively to downstream assembly operations, whereby mica-based composite products are assembled using semi-finished boards and paper materials supplied by us. As the facility does not perform any independent upstream manufacturing or deep-processing activities, it is excluded from our production capacity calculations to avoid double counting, given that the assembled output has already been fully reflected in the manufacturing capacity of our principal production bases.

Our production bases comprise both self-owned and leased properties. The Jiaxing Production Base includes both self-owned and leased premises, the Yueyang Production Base operates entirely on self-owned land and premises, while the Shanghai Production Base and the Vietnam Advanced Processing Base operate on leased properties. We have obtained all material permits and licenses required for our self-owned production sites in compliance with applicable laws and regulations. During the Track Record Period, five lease agreements were not registered for filing. See "Properties — Leased Properties." Save as disclosed above, our Directors confirm that, we have obtained all material approvals and completed the necessary procedures for our production facilities, and as advised by our PRC Legal Advisor, the non-registration of such lease agreements does not affect their validity under PRC law and is not expected to have a material adverse effect on our business.

The following table sets forth the designed production capacity, actual production volume and utilization rate of our production bases for the years/periods indicated:

	Year ended December 31,									Six months ended June 30,		
	2023			2024			2025			2026		
	Designed production capacity[1]	Actual production volume[2]	Utilization rate[3]	Designed production capacity[1]	Actual production volume[2]	Utilization rate[3]	Designed production capacity[1]	Actual production volume[2]	Utilization rate[3]	Designed production capacity[1]	Actual production volume[2]	Utilization rate[3]
	(production volume in tons; utilization rate in percentage)											
Jiaxing Production Base	15,000	12,271	81.8	15,740	15,106	96.0	17,314	13,513	78.0	9,732	7,969	81.9
Yueyang Production Base	11,100	8,025	72.3	12,600	11,982	95.1	16,400	14,931	91.0	10,200	9,352	91.7
Shanghai Production Base	–	–	–	–	–	–	17	12	73.9	21	18	85.7
Total	**26,100**	**20,296**	**77.8**	**28,340**	**27,088**	**95.6**	**33,731**	**28,456**	**84.4**	**19,953**	**17,338**	**86.9**

Notes:

(1) The designed capacity for the year/period is calculated based on the following assumptions: (i) all production lines operate at full capacity; (ii) for our production facilities in Jiaxing, operations are assumed to run for 310 days per year, with daily operating hours of 22 hours; and (iii) for our production facility in Yueyang, operations are assumed to run for 310 days per year, with daily operating hours of 22 hours; (iv) for our production facility in Shanghai, operations are assumed to run for 310 days per year, with daily operating hours of 10 hours. The assumed daily operating hours are determined with reference to the actual shift arrangements and effective equipment utilization at each production base, with the Jiaxing and Yueyang production bases operating on a two-shift basis (22 hours) and the Shanghai production base operating primarily on a single daytime shift (10 hours).

(2) The actual production for the year/period refers to the total volume of products produced during that year/period.

(3) The utilization rate for the year/period equals the actual production volume divided by the designed production capacity for the same year/period.

Production schedules and plans are formulated in accordance with customer demand forecasts, inventory levels and facility utilization rates. We maintain robust internal policies to ensure compliance with applicable national and international standards, and conduct regular inspections, maintenance and repairs of our production equipment. A strict reporting system is in place for all incidents and equipment malfunctions, with comprehensive records maintained. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material disruptions to our production activities or any material incidents of disruption at our production facilities.

Our principal products are manufactured entirely in-house, and we retain full ownership over all products produced at our facilities. We do not engage subcontractors for the production of our core product lines, allowing us to uphold consistent quality standards across our operations. During the Track Record Period, third-party manufacturers were engaged on a limited basis for certain processing steps within our production process, including mould processing, outsourced extrusion of PC/PBT pellets into rolls, die-cutting after mica lamination, and certain injection moulding processes, with related costs of nil, RMB1.1 million, RMB1.4 million, RMB1.4 million and RMB4.9 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing nil, 0.1%, 0.2%, 0.2% and 0.8% of our cost of sales.

Production Process

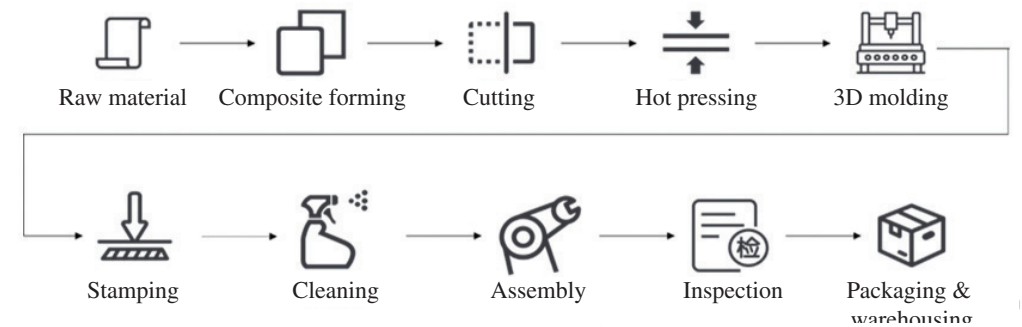
The principal steps of the production process applicable to our major products include product design, raw material procurement, manufacturing, quality inspection and packaging and delivery. Our production activities are structured around several key product categories.

Prior to our entry into the electric vehicle sector, our core business focused on the production and sale of mica materials, which are categorized as rigid and flexible mica products. The initial stages of production for both types are largely consistent, comprising adhesive application, coating, cutting, lamination and drying, after which the processes diverge according to the specific material type. Following our entry into the electric vehicle industry, we have implemented an enhanced and more comprehensive materials analysis and performance verification process to support increasingly complex and diversified production requirements. We have expanded our material testing capabilities from single halogen-content analysis to full-element testing using X-ray fluorescence spectroscopy, and from mechanical performance testing under ambient conditions to dynamic mechanical analysis across varying temperatures, complemented by microstructural and morphological characterization through scanning electron microscopy with energy-dispersive spectroscopy, thereby providing a more precise basis for tailored production. In line with these technological upgrades, the physical form of our mica materials has evolved from traditional flat sheets and rolls to three-dimensional structures, and we have progressively adopted more advanced and refined molding processes within our production flow.

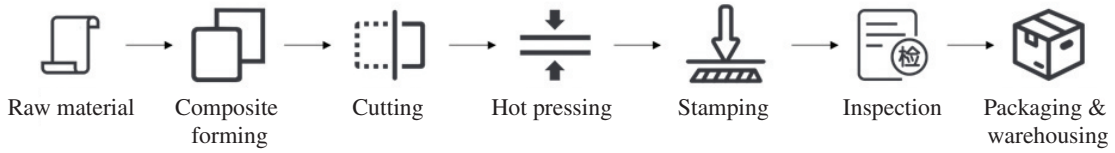
In recent years, driven by the rapid development of the new energy sector, our products have been increasingly supplied to NEV manufacturers, and we provide both standard mica-based composite material and customized solutions incorporating assembled components to satisfy specific customer needs. We also adopt differentiated production strategies across product categories to ensure that our processes and offerings are tailored to the unique requirements of our customers and the industries we serve.

The following diagram outlines the production process of our mica-based composite materials:

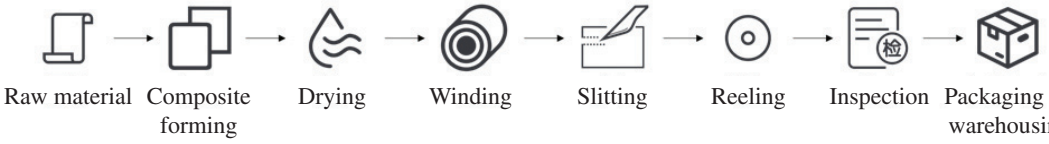
New energy sector



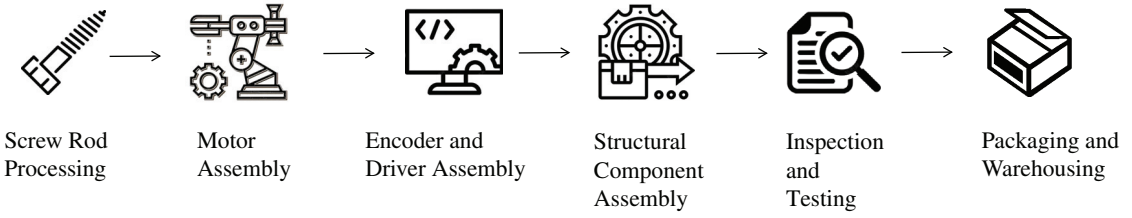
Home appliance



Cable



The following diagram outlines our production process of our key precision structural components:



Production Expansion Plan

As part of our efforts to establish a stronger manufacturing presence in Southeast Asia, have established a production base in Thailand, which was undergoing trial production as of the Latest Practicable Date. The Thailand production base has a planned land area of approximately 85,985 sq.m. The construction work commenced in May 2025, with completion anticipated by March 2026. Upon reaching full production capacity, the facility is designed to have an annual production capacity of approximately 18,000 tons, comprising mica products and new composite materials. The Thailand facility is expected to enhance the production capacity of products serving our new energy and robotics application segments, and is currently planned to primarily support the production of thermal runaway protection insulation components, lightweight structural components, roller screw components and motor-related products.

OUR SUPPLY CHAIN MANAGEMENT

Our Procurement

We primarily procure mica, fiberglass cloth, chemicals, adhesive tapes and foam materials, packaging materials, and other ancillary materials to support our manufacturing operations. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our material costs amounted to RMB236.4 million, RMB419.2 million, RMB483.5 million, RMB189.2 million and RMB334.3 million, respectively.

For our key raw material, mica, we procure natural mica and synthetic mica paper separately. Natural mica is a mineral ore extracted from natural sources and may contain varying ore contents and impurities depending on its source. Synthetic mica is an artificially produced mica material manufactured from chemical raw materials through high-temperature manufacturing processes, and is not made from natural mica ore. While natural mica and synthetic mica generally exhibit comparable fire-retardant performance, they differ primarily in composition and structural characteristics, and both are capable of meeting the required heat resistance and performance standards in their respective applications.

The pricing of natural mica is primarily influenced by mining sources, ore quality, extraction and purification costs, transportation costs and market supply and demand. The pricing of synthetic mica is mainly driven by raw material costs, manufacturing processes, technical complexity, energy consumption and economies of scale.

During the Track Record Period, our mica-based products were predominantly derived from natural mica, and synthetic mica paper accounted for only approximately 1.0% of our mica-related material costs in each year/period during the Track Record Period.

We adopt a systematic procurement process covering supplier selection, contract execution, order management, quality inspection and payment settlement. Supplier evaluation criteria include qualifications, technical capabilities, quality performance, cost competitiveness, production capacity and delivery efficiency. For major raw materials, we typically enter into framework agreements supplemented by quality and compliance undertakings.

Our procurement model is primarily order-based and integrated with our Enterprise Resource Planning ("**ERP**") system, which enables comprehensive planning based on customer forecasts, inventory levels and payment terms. We maintain safety stock and multiple supply routes for domestic and overseas deliveries to mitigate supply chain risks.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material supply shortages, delivery delays or price volatility, or any material disruptions in the supply of key raw materials or components, that materially affected our operations. We have implemented cost control measures through centralized and consolidated procurement, competitive bidding for large-volume purchases and annual cost-reduction targets linked to departmental KPIs.

To enhance transparency and efficiency, we operate ERP and supplier relationship management systems for procurement and supplier collaboration, enabling real-time synchronization of shipping notices and order information. We also enforce strict compliance protocols, including anti-bribery clauses and integrity agreements with all suppliers.

The following is a summary of the salient terms of our agreements with major suppliers during the Track Record Period:

- *Product Specifications.* The contract specifies the product type, quantity, price, packaging and delivery location. The supplier is required to deliver products according to these specifications.

- *Payment and Delivery.* Following acceptance of the delivered goods and receipt of the corresponding VAT invoice at our factory, payment is generally made either within the same month or within 60 days. The supplier is responsible for delivering the products to the designated location and bears the transportation risks before delivery.

- *Quality Control.* The supplier must meet the agreed quality standards. If the products do not conform, the buyer may delay payment or deduct from the total amount.

- *Product Recall and Returns.* The buyer reserves the right to return or request replacement of products due to quality or specification issues, with associated costs borne by the supplier. Disputes are resolved through negotiation or, if necessary, legal proceedings.

- *Termination.* The contract becomes effective upon signing and stamping by both parties. Changes require mutual agreement. Termination does not affect the right to pursue remedies for losses.

Warehouses and Logistics

We maintain a centralized warehouse management system to support our production and supply chain operations. As of the Latest Practicable Date, our warehouse network comprised warehouses under our direct management and leased warehouses. We also engage third-party warehousing service providers as needed to supplement our storage capacity. These third-party warehousing services allow us to respond flexibly to fluctuations in demand and optimize our supply chain efficiency.

Our warehouses are managed through an ERP system, which enables real-time inventory tracking and ensures strict adherence to the first-in first-out principle. Barcode scanning technology is used to maintain consistency between physical stock and system records. We maintain safety stock for all critical materials and conduct monthly reviews to identify and address slow-moving inventory.

Inbound logistics for domestic procurement typically follow delivery terms under which suppliers bear transportation costs and risks. For overseas shipments, we engage licensed customs clearance service providers to ensure compliance with applicable regulations. Outbound logistics are handled by independent third-party service providers selected based on qualifications and competitiveness. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption or loss due to late delivery or mishandling by logistics service providers.

Inventory Management

Our inventories primarily comprise raw materials, work in progress, finished goods and goods in transit. As of December 31, 2023, 2024, 2025 and June 30, 2026, our inventories were RMB171.0 million, RMB251.1 million, RMB378.4 million and RMB443.0 million, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 118 days, 100 days, 125 days and 125 days, respectively.

We implement strict inventory control policies and a centralized management system to maintain optimal stock levels and minimize obsolete inventory. Inventory planning is based on production schedules derived from customer forecasts, typically three to six months in advance, and incorporates safety stock requirements for all critical materials. To prevent long-aged inventory, we conduct monthly reviews of slow-moving materials and implement corrective measures, including disposal plans and accountability tracking. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortages, obsolescence or losses due to inventory damage, loss or theft, nor any material claims arising from such events.

OUR CUSTOMERS

Our customers primarily comprise leading NEV manufacturers and battery manufacturers. In 2023, 2024, 2025 and the six months ended June 30, 2026, our revenue from the five largest customers in each year/period during the Track Record Period was RMB333.9 million, RMB480.7 million, RMB585.1 million and RMB428.5 million, respectively, accounting for 41.7%, 42.3%, 42.5% and 47.7% of our total revenue, respectively. In the same year/period, our revenue from the single largest customer in each year/period during the Track Record Period was RMB86.2 million, RMB140.8 million, RMB191.1 million and RMB103.5 million, accounting for 10.8%, 12.4%, 13.9% and 11.5% of our total revenue, respectively. For risks relating to our major customers, see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to the risk of customer concentration, and our revenue could be adversely affected if we lose or are prevented from selling to any of our top customers."

The following tables set forth the details of our five largest customers in each year/period during the Track Record Period:

Six months ended June 30, 2026

No.	Customers	Background	Products sold	Revenue contribution	% of our total revenue	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1 .	Customer B	A leading Chinese company located in Fujian Province, China, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange specializing in the development and manufacturing of lithium-ion batteries and energy storage solutions for electric vehicles and renewable energy systems.	Mica roll, mica plate	103,498	11.5	2019	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2 .	Customer H	A Japanese trading company listed on Tokyo Stock Exchange and Nagoya Stock Exchange that engages in global procurement, logistics and supply chain management, providing a wide range of products and services to the automotive and industrial sectors.	Mica plate	103,105	11.5	2022	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
3 .	Customer I	A Korean company listed on the Korea Exchange with businesses covering electronics, chemicals, telecommunications and energy solutions.	Mica plate	83,013	9.3	2024	Payment due 60 days after invoice date, with settlement by bank transfer
4 .	Customer A	A Germany-based automotive company listed on the Frankfurt Stock Exchange that designs, manufactures and sells passenger and commercial vehicles, focusing on innovation and sustainable mobility solutions.	Mica plate	81,998	9.1	2020	Payment due 60 days after invoicing or receipt of goods, whichever is later, with settlement by bank transfer
5 .	Customer C	A private company in Korea that focuses on advanced battery technologies and energy solutions for electric vehicles and clean energy applications.	Mica plate	56,861	6.3	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer
	Total			**428,475**	**47.7**		

Year ended December 31, 2025

No.	Customers	Background	Products sold	Revenue contribution	% of our total revenue	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1 . .	Customer B	A leading Chinese company located in Fujian Province, China, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange specializing in the development and manufacturing of lithium-ion batteries and energy storage solutions for electric vehicles and renewable energy systems.	Mica roll, mica plate	191,078	13.9	2019	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2 . .	Customer A	A Germany-based automotive company listed on the Frankfurt Stock Exchange that designs, manufactures and sells passenger and commercial vehicles, focusing on innovation and sustainable mobility solutions.	Mica plate	189,026	13.7	2020	Payment due 60 days after invoicing or receipt of goods, whichever is later, with settlement by bank transfer
3 . .	Customer D	A global company in the United States listed on NASDAQ that designs and manufactures electric vehicles, energy storage systems and clean energy products, driving innovation in sustainable transportation.	Mica plate	77,595	5.6	2016	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
4 . .	Customer C	A private company in Korea that focuses on advanced battery technologies and energy solutions for electric vehicles and clean energy applications.	Mica plate	72,366	5.3	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer
5 . .	Customer H	A Japanese trading company listed on Tokyo Stock Exchange and Nagoya Stock Exchange that engages in global procurement, logistics and supply chain management, providing a wide range of products and services to the automotive and industrial sectors.	Mica plate	55,033	4.0	2022	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
	Total			**585,098**	**42.5**		

Year ended December 31, 2024

No.	Customers	Background	Products sold	Revenue contribution	% of our total revenue	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1. . .	Customer A	A Germany-based automotive company listed on the Frankfurt Stock Exchange that designs, manufactures and sells passenger and commercial vehicles, focusing on innovation and sustainable mobility solutions.	Mica plate	140,829	12.4	2020	Payment due 60 days after invoicing or receipt of goods, whichever is later, with settlement by bank transfer
2. . .	Customer B	A leading Chinese company located in Fujian Province, China, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange specializing in the development and manufacturing of lithium-ion batteries and energy storage solutions for electric vehicles and renewable energy systems.	Mica roll, mica plate	136,670	12.0	2019	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
3. . .	Customer D	A global company in the United States listed on NASDAQ that designs and manufactures electric vehicles, energy storage systems and clean energy products, driving innovation in sustainable transportation.	Mica plate	99,390	8.8	2016	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
4. . .	Customer E	A global automotive company, a wholly owned subsidiary of a company listed on NASDAQ in Sweden, that produces passenger cars, emphasizing safety, quality and sustainable mobility solutions.	Mica plate	52,278	4.6	2020	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
5. . .	Customer C	A private company in Korea that focuses on advanced battery technologies and energy solutions for electric vehicles and clean energy applications.	Mica plate	51,498	4.5	2022	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
	Total			**480,665**	**42.3**		

Year ended December 31, 2023

No.	Customers	Background	Products sold	Revenue contribution	% of our total revenue	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1. . .	Customer D	A global company in the United States listed on NASDAQ that designs and manufactures electric vehicles, energy storage systems and clean energy products, driving innovation in sustainable transportation.	Mica plate	86,219	10.8	2016	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
2. . .	Customer E	A global automotive company, a wholly owned subsidiary of a company listed on NASDAQ in Sweden, that produces passenger cars, emphasizing safety, quality and sustainable mobility solutions.	Mica plate	81,812	10.2	2020	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
3. . .	Customer F	A private company based in Germany that specializes in composite materials and lightweight solutions for automotive, agricultural and industrial applications.	Mica plate	66,605	8.3	2020	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
4. . .	Customer B	A leading Chinese company located in Fujian Province, China, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange specializing in the development and manufacturing of lithium-ion batteries and energy storage solutions for electric vehicles and renewable energy systems.	Mica roll, mica plate	57,957	7.2	2019	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5. . .	Customer G	A private automotive company in Shanghai, China that designs, manufactures and sells passenger and commercial vehicles, focusing on innovation and sustainable mobility solutions.	Mica plate	41,283	5.2	2020	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
	Total			**333,876**	**41.7**		

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period.

Below sets forth the salient terms of our agreements with customers:

- *Product specifications.* We provide customers with mica-based composite materials and related products and key precision structural products, and the specifications are subject to relevant purchase orders or agreements.

- *Delivery and acceptance*. Products are usually delivered to the customer's designated business address.

- *Payment*. We usually use an installment or lump sum payment model. The payment time is generally 60-90 business days after the issuance of the invoice, and the specific agreement is subject to the contract.

- *Warranty and after-sales*. Our products are typically covered by warranties of three years or more, depending on product type, contractual commitments between the customer and its end customers, and any longer statutory or regulatory warranty periods that apply.

- *Confidentiality*. The parties to the contract must maintain the confidentiality of all commercial, technical and operational information obtained during the performance of the contract.

- *Termination.* In the event of material breach or failure to perform, the customer may terminate the contract; if the contract cannot be performed due to force majeure or other legal reasons, the parties may negotiate to terminate the contract.

Collaboration with Our Customers

We primarily serve corporate customers across new energy, home appliance, cable and robotics sectors, delivering highly customized mica-based composite materials and related products and key precision structural products that address complex technical requirements. Our engagement model emphasizes early-stage collaboration, typically commencing at the product development phase to ensure seamless integration with customer specifications and project milestones.

For both mica-based composite materials and key precision structural components, we adopt an interactive co-development process. By embedding this collaborative mechanism into the development workflow, we ensure that each product aligns precisely with performance objectives and compliance standards.

To support long-term cooperation, we establish multi-year framework agreements with core customers, defining service scope, pricing structures and renewal or termination provisions. Our commercial and technical teams work in close coordination with customers to advance design, prototyping and rigorous validation, guaranteeing adherence to stringent reliability and regulatory benchmarks.

This integrated, customer-centric model enables us to deliver tailored offerings across diverse applications, from automotive systems to precision robotic parts, while maintaining flexibility to adapt to evolving technical requirements throughout the entire product lifecycle, from initial concept and engineering through to production and post-delivery support.

OUR SUPPLIERS

Our suppliers primarily consist of manufacturers and trading companies. In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers in each year/period during the Track Record Period were RMB101.3 million, RMB138.1 million, RMB155.2 million and RMB139.1 million, respectively, accounting for 30.7%, 27.7%, 30.4% and 35.8% of our total purchases, respectively. In the same year/period, purchases from our largest supplier in each year/period during the Track Record Period were RMB36.7 million, RMB42.0 million, RMB41.6 million and RMB69.0 million, accounting for 11.1%, 8.4%, 8.2% and 17.9% of our total purchases, respectively. For risks relating to our major suppliers, see "Risk Factors — Risks Relating to Our Business and Industry — Our reliance on third-party suppliers for production materials may expose us to risks relating to supply chain disruptions, quality control or noncompliance, which may harm our business." During the Track Record Period, our overseas procurement primarily included foam tape, mica ore and precision components. Our major overseas suppliers were mainly located in regions including South Korea, Russia, and Hong Kong. Purchases from our overseas suppliers during the Track Record Period were RMB16.4 million, RMB28.3 million, RMB42.5 million and RMB19.5 million in 2023, 2024, 2025 and the six months ended June 30, 2026, accounting for 5.0%, 5.7%, 8.3% and 5.0% of our total purchases, respectively. To the best of our knowledge, we are not aware of any export control measures imposed on foam tape and mica ore by the countries and regions from which we imported such materials during the Track Record Period and up to the Latest Practicable Date; nor have we received any notice from any supplier regarding control restrictions on foam tape and mica ore under the laws and regulations of Chinese mainland or other relevant countries.

The following tables set forth the details of our five largest suppliers in each year/period during the Track Record Period:

Six months ended June 30, 2026

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1 .	Supplier E	A company in Guangdong Province, China that focuses on manufacturing eco-friendly and innovative packaging products for global markets.	Foam tape	68,996	17.9	2024	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
2 .	Supplier K	A company in Shandong Province, China that focuses on electronic chemicals and insulation materials for electronics, energy storage and new energy vehicles.	Silicone adhesive	24,851	6.5	2024	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
3 .	Supplier D	A company in Jiangsu Province, China that provides high-quality electronic components and technology solutions for diverse industries.	Foam tape	19,280	5.0	2021	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
4 .	Supplier A	A company in Hubei Province, China that focuses on developing advanced new materials for industrial and technological applications.	Silicone adhesive	13,276	3.4	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5 .	Supplier L	A company in Shanghai, China that focuses on manufacturing and selling adhesive tapes, electronic components and related materials for electronics and industrial applications.	Foam tape	12,684	3.0	2021	Payment due 120 days after the end of the month of invoice, with settlement by commercial bills
	Total			**139,087**	**35.8**		

Year ended December 31, 2025

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1. .	Supplier A	A private company in Hubei Province, China that focuses on developing advanced new materials for industrial and technological applications.	Silicone adhesive, chemicals	41,609	8.2	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2. .	Supplier D	A private company in Jiangsu Province, China that provides high-quality electronic components and technology solutions for diverse industries.	Foam tape	31,367	6.2	2021	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
3. .	Supplier C	A company in Korea listed on KOSDAQ that specializes in advanced battery technology and sustainable energy solutions.	Foam tape	29,561	5.8	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer
4. .	Supplier B	A private company in Jilin Province, China that specializes in organic silicon products and innovative chemical solutions.	Silicone adhesive	27,884	5.5	2012	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5. .	Supplier E	A private company in Guangdong Province, China that focuses on manufacturing eco-friendly and innovative packaging products for global markets.	Foam tape	24,788	4.9	2024	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
	Total			**155,209**	**30.4**		

Year ended December 31, 2024

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1. .	Supplier A	A private company in Hubei Province, China that focuses on developing advanced new materials for industrial and technological applications.	Silicone adhesive, chemicals	41,960	8.4	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2. .	Supplier B	A private company in Jilin Province, China that specializes in organic silicon products and innovative chemical solutions.	Silicone adhesive	30,340	6.1	2012	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
3. .	Supplier F	A private company in Zhejiang Province, China that provides high-performance adhesive technologies for diverse industrial uses.	Foam tape	24,761	5.0	2019	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
4. .	Supplier G	A private company in Zhejiang Province, China that manufactures electrical materials and solutions for power and electronics industries.	Mica ore	20,997	4.2	2019	Payment due 30 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5. .	Supplier C	A company in Korea listed on KOSDAQ that specializes in advanced battery technology and sustainable energy solutions.	Mica tape	20,028	4.0	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer
	Total			**138,086**	**27.7**		

Year ended December 31, 2023

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1. .	Supplier A	A private company in Hubei Province, China that focuses on developing advanced new materials for industrial and technological applications.	Silicone adhesive, chemicals	36,695	11.1	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2. .	Supplier B	A private company in Jilin Province, China that specializes in organic silicon products and innovative chemical solutions.	Silicone adhesive	29,960	9.1	2012	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
3. .	Supplier H	A private company in Hunan Province, China that focuses on international trade and high-quality import and export services.	Mica ore	13,871	4.2	2019	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
4. .	Supplier I	A private company in Jiangsu Province, China that specializes in advanced insulation materials for electrical and industrial applications.	Fiberglass cloth	10,519	3.2	2021	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5. .	Supplier J	A private company in Hunan Province, China that provides mica-based products and solutions for electronics and industrial sectors.	Mica paper	10,278	3.1	2005	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
	Total			**101,323**	**30.7**		

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year/period during the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Supplier C was our customer during the Track Record Period and our major supplier in 2024, 2025 and the six months ended June 30, 2026. Supplier C is engaged in the manufacturing and supply of advanced industrial materials and components, with a strategic focus on the energy and automotive sectors. As our customer, Supplier C purchased mica products from us, with revenue of RMB5.8 million in 2024, accounting for 0.5% of our total revenue for the year, RMB10.9 million in 2025, accounting for 0.8% of our total revenue for the year, and RMB1.4 million in the six months ended June 30, 2026, accounting for 0.2% of our total revenue for the period. As our supplier, Supplier C provided us with raw materials,

with purchase amounts of RMB20.0 million in 2024, representing 4.0% of our total purchases for the year, RMB29.6 million in 2025, representing 5.8% of our total purchases for the year, and RMB12.2 million in the six months ended June 30, 2026, representing 3.2% of our total purchases for the period.

Supplier G was our customer during the Track Record Period and our major supplier in 2024 and the six months ended June 30, 2026. Supplier G primarily engaged in trading and wholesale distribution of mica materials. As our customer, Supplier G mainly purchased mica products from us, with revenue amounting to RMB9.8 million in 2024, accounting for 0.9% of our total revenue for the year and RMB2.0 million in the six months ended June 30, 2026, accounting for 0.2% of our total revenue for the period. As our supplier, Supplier G primarily provided us with mica ore, with purchase amounts of RMB21.0 million in 2024, representing 4.2% of our total purchases for the year and RMB7.9 million in the six months ended June 30, 2026, representing 2.0% of our total purchases for the period.

Negotiations of the terms of our sales to and purchases from these overlapping customer-suppliers were conducted on an individual basis, and the sales and purchases were neither interconnected nor inter-conditional. All transactions were conducted in the ordinary course of business, on normal commercial terms and on an arm's length basis, and the terms were comparable to those of our other customers and suppliers. During the Track Record Period and up to the Latest Practicable Date, there was no set-off of trade receivables and payables with these customer-suppliers.

Save as disclosed above, to the best of our knowledge, none of our other top five customers during each period of the Track Record Period was our supplier, and none of our other top five suppliers was our customer.

QUALITY CONTROL

We have established a comprehensive quality management system covering the entire production process and aligned with international automotive standards. Our framework is based on the IATF 16949 quality management system and incorporates VDA 6.3 process audit requirements. A formal quality manual governs all procedures, including design, procurement, production, inspection and delivery, ensuring consistency and compliance throughout our operations.

- *Design and Development.* At the design stage, we integrate safety, environmental and occupational health considerations into product development, and ensure that all required approvals and filings are obtained prior to production.

- *Procurement.* We enforce strict supplier qualification and audit processes, supported by incoming inspection and traceability measures, to ensure the quality and consistency of raw materials and components.

- *Production.* We implement standardized operating procedures and conduct in-process inspections to prevent defects. Our quality assurance team monitors production steps, and finished goods are subject to sampling inspection prior to delivery, and full traceability is maintained across the product lifecycle.

- *Continuous Improvement and Delivery.* We operate a continuous improvement mechanism that reviews customer feedback and addresses issues promptly.

In addition, we maintain a digitalized full-process traceability system based on blockchain technologies covering material sourcing, production and delivery. This system enables real-time tracking of product information from raw-material input to finished-product shipment, supported by batch identification, process records, in-process quality inspections and labeling throughout manufacturing, as well as key logistics and customs documentation maintained along the supply chain. During the Track Record Period and up to the Latest Practicable Date, we had not conducted any material product recalls of defective offerings and had not experienced any material disputes with customers concerning product quality.

INTELLECTUAL PROPERTY

We regard intellectual property as a strategic asset fundamental to our long-term competitiveness. To safeguard our proprietary technologies and innovations, we have established a comprehensive intellectual property management system. This framework includes maintaining a robust portfolio of patents, software copyrights and registered trademarks, as well as implementing confidentiality measures and internal policies to protect technical expertise and trade secrets. Our policies, such as the technical confidentiality policy and intellectual property confidentiality policy, are strictly enforced and supported by rigorous access controls and advanced information security measures for sensitive technical data. We actively collaborate with major customers on product development, design and customization through dedicated joint development teams.

In addition, we operate a provincial-level enterprise research institute and maintain partnerships with leading universities and research institutions on key R&D projects, which are government-recognized R&D platforms established to support sustained research activities, applied research and technology commercialization on an institutional basis. Intellectual property and project outcomes arising from such collaborations are contractually assigned to us, with no restrictions on our use or commercialization of the results.

As of the Latest Practicable Date, we held 283 patents in the PRC, including 74 invention patents, 201 utility model patents and eight design patents. We also held ten software copyrights and 28 registered trademarks in the PRC. For details, see "Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property." For risks related to intellectual property rights, see "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights or prevent others from unauthorized use of our technology and intellectual property rights, which could harm our business and competitive position and also make us subject to litigations brought by third parties."

COMPETITION

We primarily operate in the mica product market for new energy applications, which is characterized by high safety requirements, stringent customer certification processes and increasing market concentration as leading players expand production capacity and accelerate technology upgrading. In addition, our key precision structural components are applied in the embodied intelligence market, supporting motion transmission, structural stability and system integration in robotics and intelligent automation applications. Globally, the mica product market is increasingly segmented into applications for NEVs, power batteries and energy storage batteries, each exhibiting distinct competitive dynamics driven by material performance requirements and downstream technical standards. According to Frost & Sullivan,

the global and China mica products market size in the new energy sector are expected to reach RMB4.7 billion and RMB3.9 billion in 2025, respectively, and further grow to RMB14.7 billion and RMB12.1 billion in 2030, representing CAGRs of 26.2% and 24.9% from 2026 to 2030, respectively.

According to Frost & Sullivan, Chinese companies occupy a dominant position in the global mica product market for new energy applications. The market is moderately concentrated, with top players benefiting from long-term cooperation with leading battery and NEV manufacturers, deep material formulation expertise and large-scale manufacturing capabilities.

Competition in the global market is primarily driven by the ability to deliver high-performance electrical insulation and flame-retardant materials that meet stringent safety standards, including thermal-runaway protection and high-voltage insulation. Leading Chinese manufacturers have secured their competitive position through long-term technological accumulation in mica paper formulation, process advancements in pulping, sheet forming and lamination, and consistent delivery performance across large-scale NEV and battery platforms. International competitors remain active in specialized high-end applications, but generally lack cost-performance advantages in large-volume new energy use cases. See "Industry Overview."

BUSINESS ACTIVITIES SUBJECT TO INTERNATIONAL SANCTIONS

The United States and certain other jurisdictions or organizations, including the European Union, the United Kingdom and Australia, have implemented economic sanctions through executive orders, legislation or other governmental measures. Such sanctions may target specific jurisdictions, industry sectors, entities or individuals. In particular, the U.S. government maintains (i) comprehensive territorial sanctions targeting certain jurisdictions, including Cuba, Iran, North Korea, the Crimea region of Ukraine and the so-called Donetsk People's Republic and Luhansk People's Republic (collectively, the "**Comprehensively Sanctioned Jurisdictions**"), (ii) sector-based sanctions that restrict activities in specified industries within certain jurisdictions, including Russia (the "**Broadly Sector-Sanctioned Jurisdictions**"), which primarily encompass the energy, manufacturing, transportation, architecture, engineering, construction, and metals and mining sectors, among others designated by OFAC and (iii) list-based sanctions targeting designated entities and individuals, including those on the SDN List and SSI List.

During the Track Record Period, we conducted limited business with customers located in Russia and Iran, which are respectively classified as a Broadly Sector-Sanctioned Jurisdiction and a Comprehensively Sanctioned Jurisdiction. Specifically, we engaged in transactions with nine customers in Russia and two customers in Iran during the Track Record Period. None of such customers were on the SDN lists.

Based on advice from our legal advisor as to international sanctions laws, our Directors are of the view, as concurred by the Sole Sponsor, that these transactions did not involve any U.S. nexus (including, among others, the involvement of U.S. citizens, residents, or entities; the use of U.S.-origin items or services; shipments transiting the U.S.; or U.S. dollar payments cleared through or processed via the U.S. financial system) and therefore did not constitute U.S. Primary Sanctioned Activity as described in Section 4.4, thereby not giving rise to primary U.S. sanctions risks. They further consider that such transactions did not constitute material U.S. Secondary Sanctioned Activity as described in Section 4.4, thereby giving rise to relatively low secondary sanctions risks, taking into account the scale, nature and historical status of such transactions, as discussed below.

Russian-related transactions

Pursuant to executive orders and interpretative guidance issued by the Office of Foreign Assets Control of the U.S. Department of the Treasury, certain activities in the manufacturing sector of the Russian economy may expose non-U.S. persons to secondary sanctions. Our sales of products to customers in Russia could, in principle, fall within this category. However, our Directors consider that the secondary sanctions risk arising from our historical Russian-related transactions was relatively low for the following reasons: (i) the volume and frequency of such transactions were limited, with sales to customers in Russia accounting for approximately 0.3%, 0.5%, 0.2% and 0.4% of our total revenue in 2022, 2023, 2024 and 2025, respectively; (ii) all such transactions were fully completed in March 2026, and we ceased entering into any new transactions within Russia, besides, we have implemented a policy to abstain from entering into any further Russia-related transactions; (iii) we have implemented internal sanctions screening and compliance procedures to identify and manage sanctions risks; and (iv) none of the counterparties involved in such transactions was designated on the SDN List.

Iranian-related transactions

Pursuant to Executive Order 13846 and Executive Order 13902 issued by the U.S. government, certain activities in the automotive and manufacturing sectors of the Iranian economy may expose non-U.S. persons to secondary sanctions. Our historical sales of products to customers in Iran could potentially fall within this scope.

Our Directors consider that such transactions did not constitute material U.S. Secondary Sanctioned Activity, thereby giving rise to relatively low secondary sanctions risks, taking into account that: (i) the scale of such transactions was immaterial, with sales to customers in Iran accounting for approximately 0.6%, 0.3%, 0.1%, 0.1%, 0.1%, 0.1% and 0.1% of our total revenue in 2019, 2020, 2021, 2022, 2023, 2024 and 2025, respectively; (ii) all Iran-related transactions were fully completed in October 2025, and we ceased entering into any new transactions within Iran, besides, we have adopted a strict policy to abstain from any future Iran-related engagements; (iii) we have implemented internal sanctions compliance procedures; and (iv) none of the counterparties involved was designated on the SDN List.

Transactions involving sanctioned entities

Apart from the transactions described above, during the Track Record Period we also engaged in transactions with three entities that were designated on the SDN List. Specifically, we conducted transactions with one supplier after its designation and with one customer after its designation. We also had dealings with another customer prior to its designation, but did not enter into any new transactions with that customer following such designation.

Based on advice from our legal advisor as to international sanctions laws, our Directors are of the view that these transactions did not involve any U.S. nexus and therefore did not constitute U.S. Primary Sanctioned Activity. Further, the total value of transactions conducted after the relevant designations was immaterial. Specifically, the aggregate historical transaction amount with the customer designated on the SDN List was less than RMB50,000, and no transactions have been conducted with such SDN-listed customer since May 2022. The aggregate historical transaction amount with the supplier designated on the SDN List was less than RMB60,000 and we ceased to conduct transactions with SDN-listed suppliers as of the Latest Practicable Date. We have also undertaken to abstain from entering into any future transactions with SDN-listed entities and further strengthen the sanctions compliance controls and procedures applicable to our subsidiaries.

Additionally, we have conducted transactions with two entities that are concurrently designated on both the CMC List and the NS-CMIC List. Our historical transaction volumes with these two companies amounted to approximately RMB190,000 and RMB1,390,000 during the Track Record Period, respectively. Furthermore, we have also transacted with one entity designated solely on the CMC List, with a historical transaction volume of approximately RMB514 million during the Track Record Period up to the Latest Practicable Date. As our transactions did not involve the purchase or sale of affected securities and we had no dealings with the U.S. Department of Defense, such transactions did not fall within the scope of the relevant prohibitions.

Sanctions compliance and internal controls

We have implemented written internal control measures to identify and manage sanctions-related risks in connection with our sales and procurement activities. For transactions involving customers or suppliers in different countries or regions, we conduct a preliminary sanctions risk assessment by reference to the applicable sanctions regimes of the relevant jurisdictions and, where appropriate, seek further legal assessment. Such assessment includes screening against relevant sanctions lists, including, among others, the UN Security Council sanctions list, the OFAC SDN List, the BIS Entity List, the EU sanctions list, the UK sanctions list and the relevant PRC counter-sanctions lists, as well as review of ownership and control and potential association with sanctioned parties.

For new customer onboarding or supplier selection, the relevant business department initiates the internal approval process by collecting and submitting necessary counterparty information and transaction details, and the transaction may proceed only after review by our legal/compliance department and final approval by our General Manager. Our anti-sanctions work is coordinated and overseen by our General Manager, with the assistance of the head of finance, head of legal and the board secretary, and implemented by the relevant business departments, the finance department and the office of the board secretary in accordance with their respective responsibilities. We have further enhanced these procedures by designating the relevant business department heads or team leaders as the primary responsible persons for customer and supplier management within their respective departments or teams, and by adding system-based approval control gates to ensure that counterparty qualification materials, sanctions screening records and approval information are properly captured before transactions proceed. We have also strengthened the control of funds and legal and compliance oversight, including re-checking key approval documents before payment processing, incorporating customer and supplier onboarding and sanctions-related compliance controls into our annual legal and compliance work plan, and conducting random sampling audits on the implementation of our sanctions policy. Where sanctions risks are identified, we adopt appropriate risk mitigation measures, including limiting transaction scope or size, monitoring fund flows and requiring counterparty undertakings. Such transactions may only proceed subject to implementation of appropriate risk control measures and approval through the internal anti-sanctions procedures. Such screening and approval requirements also apply to material transactions with existing customers or suppliers and upon the occurrence of material changes in their ownership, control or business profile, including changes in shareholding structure, ultimate beneficial ownership, name or business scope. We conduct ongoing monitoring by periodically reviewing existing customers and suppliers and updating applicable sanctions lists and policies, including conducting quarterly reviews of existing counterparties, and will promptly suspend or terminate transactions and business relationships upon identification of sanctions risks.

Having reviewed the abovementioned internal control measures, including the enhanced internal control measures described above, and the views of the Internal Control Consultant, our Directors are of the view, and the Sole Sponsor concurs, that these measures provide a reasonably adequate and effective framework for identifying and monitoring material risks relating to international sanctions laws.

BUSINESS ACTIVITIES SUBJECT TO U.S. TARIFFS

The United States has implemented and adjusted various tariff measures in recent years, including under Sections 122 and 301 of U.S. trade laws. Certain products exported to the United States may therefore be subject to additional import tariffs.

During the Track Record Period, our revenue derived from exports to customers located in the United States amounted to approximately RMB97.9 million, RMB139.0 million, RMB144.4 million, RMB64.1 million and RMB69.0 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing approximately 12.2%, 12.2%, 10.5%, 11.2% and 7.7% of our total revenue for the corresponding years/periods, primarily relating to mica sheets, mica tubes, related products and key precision structural components. As advised by our legal advisor as to international sanctions laws, during the Track Record Period and as of the Latest Practicable Date, the additional cumulative U.S. tariffs applicable to our products generally ranged from 20% to 37.5%. Such tariffs mainly comprised Section 301 tariffs of either 7.5% or 25% and a 12.5% Section 301 Forced Labor Tariff, as applicable. In addition, only three types of our products, in addition to being subject to the applicable 25% Section 301 tariff, may also be subject to additional Section 232 tariffs ranging from 25% to 50%, depending on their material composition and applicable tariff classification. However, the export volume of these three types of products during the Track Record Period was relatively limited. To the best of our knowledge, any applicable tariffs were borne by our major customers in the United States pursuant to the relevant contractual arrangements, and we did not bear such tariff costs. Therefore, based on the above, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any material decrease in its selling prices or overall financial performance, nor did it receive any customer requests for order cancellation or material renegotiation of contract terms as a result of the increase in U.S. or other overseas tariffs. Furthermore, no other material indirect adverse impact has occurred arising from the U.S. tariff policies during the same period.

With respect to our procurement, we do not currently procure any raw materials originating from the United States. Consequently, our Directors are of the view that our procurement activities will not be affected by the relevant tariff policies during the Track Record Period and up to the Latest Practicable Date. Based on advice from our legal advisor as to international sanctions laws and having regard to our contractual arrangements and historical experience, our Directors are of the view that the applicable U.S. tariffs, including the additional tariff rate currently applicable to our products, did not have, and were not expected to have, a material adverse impact on our business operations or financial performance as of the Latest Practicable Date. We continue to monitor developments in U.S. tariff policies as part of our internal risk management processes. To effectively manage and mitigate potential tariff and trade-related risks, we have established a trade compliance monitoring mechanism. Under this mechanism, we regularly track updates on tariff codes, Harmonized Tariff Schedule rates, and trade remedy investigations in our major overseas markets. Furthermore, we conduct periodic reviews of our pricing strategies and cost-sharing clauses in our commercial contracts, and continuously evaluate alternative logistical routes and global supply chain diversifications to safeguard our operational resilience against any sudden shifts in international trade policies.

BUSINESS ACTIVITIES SUBJECT TO U.S. EXPORT CONTROLS

Based on advice from our legal advisor as to international sanctions laws, during the Track Record Period and up to the Latest Practicable Date, as our products are not of U.S. origin, are not within the U.S., and do not fall within the scope of either the De Minimis Rules (which subject certain foreign-made items to the EAR if they incorporate more than a de minimis level, typically 25%, of controlled U.S.-origin content by value) or the Foreign-Direct Product Rules (which extend EAR jurisdiction to certain foreign-produced items that are the

direct product of specified U.S. technology or software), such products are not subject to the U.S. Export Administration Regulations ("EAR") because none of the criteria set forth under the EAR has been met and, consequently, are not subject to U.S. export licensing requirements, as such licensing requirements under the EAR only apply strictly to items that are subject to the jurisdiction of the EAR.

Based on such advice, our Directors are of the view that our past and current transactions with customers included on the U.S. Entity List — under which the primary restriction is the prohibition on the export, reexport, or transfer (in-country) of items subject to the EAR to the designated entities — that are not subject to footnote restrictions did not give rise to U.S. export control issues and did not have a material impact on our financial position or results of operations during the Track Record Period and up to the Latest Practicable Date. In addition, none of our suppliers was designated on the Entity List during the same period.

Having regard to the foregoing, as advised by our legal advisor as to international sanctions laws, our Directors consider that U.S. export control regulations did not, and were not expected to, have a material adverse impact on our business operations or financial performance as of the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

To fully implement the sustainable development strategy, we conduct comprehensive and in-depth identification and assessment of key ESG factors that may impact the operations and development of our Company by complying with the requirements of the Environmental, Social and Governance Reporting Code set out in Appendix C2 to the Listing Rules of the Hong Kong Stock Exchange. We deeply integrate core ESG issues into key steps such as daily operation management, long-term strategic planning and capital allocation decisions, ensuring that the concepts of environmental protection, social responsibility and corporate governance are embedded throughout the entire process and all levels of business operations, helping us achieve long-term sustainable value growth.

Governance Framework for ESG Issues

We have established a three-level governance structure consisting of the Board of Directors, Strategy Management and ESG Committee (the "**Committee**") and various executive departments. The Board of Directors assumes ultimate supervision and strategic guidance responsibilities for ESG issues. Its key responsibilities include: (i) approving the ESG strategic plan, vision, goals and medium- and long-term development plans of our Company to ensure ESG requirements align with the overall development strategy of our Company; (ii) supervising the effectiveness of mechanisms for identifying, assessing and responding to material ESG risks, and conducting final reviews of material transaction decisions related to high environmental impact or sensitive social issues; (iii) reviewing and approving the annual ESG report and relevant disclosure documents to ensure the information is true, accurate, complete and compliant with the regulatory requirements of the place where the shares of our Company are listed; (iv) authorizing the scope of responsibilities and authority of the ESG Committee, and reviewing the performance reports, system effectiveness assessment opinions and major improvement plans submitted by the ESG Committee; and (v) regularly listening to special reports on ESG work progress, evaluating the achievement of ESG performance and making final decisions on material ESG issues.

The Committee, established under the Board and composed of the Chairman, independent non-executive Directors and professionals with a full-time support team, provides consulting advice to the Board, reviews ESG policies and systems, tracks strategy implementation and proposes optimizations.

The Committee holds quarterly special meetings to review major ESG issues, clarify responsibilities, timelines and milestones, track progress and coordinate problem-solving. It holds at least two formal meetings annually (extraordinary meetings for major system adjustments, unmet core indicators or major risks) and submits an annual performance report to the Board, detailing ESG progress, system assessment results and improvement effectiveness.

Each executive department implements Board and Committee resolutions, coordinates daily ESG management and establishes standardized data collection, accounting and quality control processes (all ESG data verified by internal audit).

ESG Risk Identification and Assessment

We have built a systematic ESG risk identification and assessment system aligned with our ESG strategy, covering all business scenarios and core areas (environment, health and safety, human rights and labor, corporate ethics), supervised by the Board and the Committee. We adopt the LEC risk assessment method, considering risk possibility, frequency and consequence severity, and classify risks as major, general or tolerable through quantitative analysis, with a Risk Registration and Evaluation Form covering all core ESG dimensions.

Core ESG risks specifically include:

- *Chemical leakage risk:* Improper chemical management leading to leakage may cause poisoning, fire, explosion, environmental pollution and other risks. We adopt standardized management (separate storage of hazardous chemicals, equipped fire-fighting equipment and gas masks, and emergency measures) to minimize losses.

- *Fire safety risk:* Fires from electrical faults or human factors may cause property damage and casualties. We conduct regular fire training, drills and equipment inspections, and formulate emergency measures to minimize losses and resume production quickly.

- *Inventory backlog risk:* Overstocked finished products or excessive procurement may affect capital turnover or cause inventory impairment. We set inventory standards and a first-in-first-out system, and regularly inspect overdue products to avoid deterioration.

- *Major work-related injury risk:* Mismanagement or poor working conditions may cause fatalities or serious injuries. We require pre-employment safety training for new employees, establish a safety committee to inspect hazards, analyze accidents and promote safety awareness.

- *Packaging design compliance risk:* Non-compliant packaging materials, text, barcodes or labels may fail to meet customer or regulatory requirements. We prioritize environmentally friendly packaging materials, and all packaging standards require customer approval before implementation.

We have a regular risk assessment and update mechanism: annual comprehensive risk identification and evaluation to inspect risk control implementation. Special reviews are conducted immediately for major changes in laws, business environment, products or ESG strategy. All risks are detailed in the Risk Registration and Evaluation Form, with the Committee coordinating targeted response plans and responsible departments reporting progress regularly.

Environmental Protection

We recognize environmental protection as a core responsibility for sustainable development and a key measure to address global ecological challenges. We focus on energy utilization, water resource management, greenhouse gas emissions and waste disposal, establishing a full-process environmental management mechanism. Through green energy procurement, refined monitoring, phased carbon reduction targets and classified waste disposal, we reduce operational environmental impact and upgrade environmental management and technologies. We hold ISO 14001 and Energy Management System certifications, and our Zhejiang headquarters is a "2025 Zhejiang Province Green and Low-carbon Factory".

Energy

We have established a full-process management mechanism covering energy procurement, consumption monitoring and energy-saving optimization to ensure the compliance, efficiency and sustainability of energy utilization. We prioritize the selection of energy types and related equipment with leading energy efficiency and qualified environmental performance and actively expand green energy procurement channels. Our Zhejiang headquarters base purchased 11,500 mWh of green electricity certificates during the Track Record Period during 2025, and our Hunan branch base purchased 1,072,472 kWh, 987,592 kWh, 970,409 kWh and 319,386 kWh of photovoltaic power generation during 2023, 2024, 2025, and up to June 30, 2026, respectively.

We have a standardized energy data collection, accounting and statistical system, regularly collecting data on purchased electricity, heat, natural gas, gasoline and diesel. Our Zhejiang headquarters has an energy and carbon management system for real-time monitoring of energy consumption and new energy power generation. We improve energy efficiency through energy-saving technologies, process optimization and green office advocacy.

The following table sets forth our energy consumption during the Track Record Period:

		Year ended December 31,			Six months ended June 30,
Indicator	**Unit**	**2023**	**2024**	**2025**	**2026**
Purchased heat[(1)]	Tons	47,093	66,523	84,015	44,500
Purchased electricity[(2)]	kWh	35,459,194	43,450,909	49,651,887	25,874,214
Natural gas consumption[(3)]	Cubic meter	4,911,154	6,336,347	6,157,829	3,226,965

Notes:

(1) The increase in thermal consumption is mainly due to the full operation of the mica belt production line, which has raised the basic usage volume, and the addition of the toluene recovery device has further increased the consumption.

(2) In addition to the increased electricity consumption due to the commissioning of the new energy vehicle safety component project, the installation of environmental air conditioners to improve the working environment in the assembly workshop, and the addition of smoke treatment equipment to enhance the production environment, there has also been an increase in electricity usage.

(3) The increase in natural gas usage was mainly due to the official commissioning of the safety component project for new energy vehicles that primarily use natural gas as their energy source at the end of 2023.

We will continue to promote the systematic and refined upgrading of energy management, our goals by 2027 are: (i) increasing green electricity coverage to 50%; (ii) reducing energy consumption per unit of product by 5% from the 2024 level. To achieve these targets, we will: (i) construct distributed photovoltaic power generation projects with an expected additional installed capacity of 0.3MW and annual power output of 300,000 kWh; (ii) fully promote laser cleaning technology for hot-pressing machines, which is expected to cut energy consumption by 3% and reduce carbon dioxide emissions by 700 tonnes.

Water Resources

We strengthen water-saving awareness through regular promotion and training, integrating water-saving practices into daily operations. We install water-saving facilities to curb waste at the source. We have a refined full-process water use monitoring system, standardizing water consumption data collection, accounting and statistics, regularly tracking total water consumption and density, and conducting pipeline inspections to quickly rectify leaks. Wastewater is treated to meet Class III of the Integrated Wastewater Discharge Standard before discharge to minimize environmental impact.

The following table presents our water resource consumption during the Track Record Period:

		Year ended December 31,			Six months ended June 30,
Indicator	**Unit**	**2023**	**2024**	**2025**	**2026**
Total water consumption	Cubic meter	1,301,780	1,656,538	1,567,697	497,191
Water consumption per unit of product	m^3/ton of product	56.65	60.47	49.06	26.98

We will continue to promote the systematic and refined upgrading of water resource management, our tiered measurable goals based on the 2024 baseline are: (i) cutting water consumption per unit of product by 20% by the end of 2027; (ii) cutting water consumption per unit of product by 22% by the end of 2028; (iii) cutting water consumption per unit of product by 25% by the end of 2030. To achieve this goal, we will: (i) focusing on water-saving technology innovation and facility/process upgrades, exploring water recycling paths to boost reuse rates; (ii) enhancing refined water use monitoring and data management, strengthening full-process dynamic control and analysis to support water-saving decisions; (iii) conducting regular water-saving promotion and training to deepen employee awareness and foster a companywide water-saving culture.

Greenhouse Gas Emissions

We have established a systematic greenhouse gas emission management system, covering all aspects such as emission identification, monitoring, accounting, reporting and continuous improvement. During the Track Record Period, our greenhouse gas emissions mainly included Scope 1, Scope 2 and Scope 3 emissions. Scope 1 emissions include direct emissions from purchased natural gas consumption and fuel consumption of gasoline vehicles, generators, forklifts and trucks. Scope 2 emissions include indirect emissions from purchased heat and electricity. Scope 3 emissions include other indirect emissions from business travel and daily commuting of employees.

The increase in Scope 1 emissions is mainly attributed to higher fuel consumption of natural gas, gasoline and diesel vehicles. The rise in Scope 2 emissions is directly linked to increased heat and electricity consumption. The following table presents our greenhouse gas emissions during the Track Record Period:

		Year ended December 31,			Six months ended June 30,
Indicator	**Unit**	**2023**	**2024**	**2025**	**2026**
Scope 1 emissions[(1)]	Tons of Carbon Dioxide	10,695	13,812	13,444	7,057
Scope 2 emissions[(2)]	Tons of Carbon Dioxide	32,496	42,341	50,671	26,611
Scope 3 emissions[(3)]	Tons of Carbon Dioxide	334	382	431	493
Scope 1 and 2 emissions	Tons of Carbon Dioxide	43,191	56,153	64,115	33,668
Total greenhouse gas emissions	Tons of Carbon Dioxide	43,524	56,536	64,546	34,161

Notes:

(1) Our Scope 1 (direct emissions) greenhouse gas emissions come from purchased natural gas consumption and direct emissions from fuel consumption of gasoline vehicles, generators, forklifts and trucks. Scope 1 is calculated based on the characteristic parameters of common fossil fuels promulgated by the National Development and Reform Commission of the PRC.

(2) Our Scope 2 (indirect emissions) greenhouse gas emissions come from emissions generated by purchased heat and electricity consumption. Purchased electricity is calculated based on the national average carbon dioxide emission factor for electricity issued by the Ministry of Ecology and Environment of the PRC. The emission factor for purchased heat is derived from the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Land Transportation Enterprises.

(3) Our Scope 3 (other indirect emissions) greenhouse gas emissions mainly come from emissions generated by business travel and daily commuting of employees. Business travel includes emissions from airplanes, trains, high-speed rail, online car-hailing and accommodation, while daily commuting includes emissions from fuel-powered vehicles and electric vehicles.

Based on Frost & Sullivan's research, three peer automotive manufacturing enterprises recorded carbon dioxide equivalent emissions ranging from 126,949.4 to 938,844.8 tonnes for the period ended 2025. Comparing with our 64,546 tonnes of carbon dioxide equivalent, we assess our carbon emission management to be at a sound level. Our phased unit product carbon reduction targets: 6% (2025), 8% (2026), 10% (2027). Measures: optimize energy structure and upgrade processes; promote clean energy substitution and toluene waste gas recovery; install waste heat recovery devices and intelligent monitoring equipment; conduct at least two annual environmental training sessions; incorporate emission reduction targets into departmental KPIs with performance deductions for non-compliance.

Waste Emissions

We strictly comply with the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》) and the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》) to ensure that waste disposal meets environmental protection regulations and sustainable development requirements. We control waste generation from the source, train employees on waste classification and strengthen hazardous chemical and waste management capabilities.

General industrial solid waste is disposed of through unified storage facilities. Hazardous waste (waste packaging, industrial waste liquid, etc.) is subject to separate collection, standardized labeling and special storage, with trained personnel responsible. Both general and hazardous waste are entrusted to qualified entities for disposal to promote recycling.

The following table sets forth our waste emissions during the Track Record Period:

		Year ended December 31,			Six months ended June 30,
Indicator	Unit	2023	2024	2025	2026
General waste	Tons	8,742	13,527	13,946	7,539
Hazardous waste	Tons	129	121	138	75

We will continue to improve the monitoring and review mechanism for waste management and set waste emission targets by 2027: (i) reduce VOCs by 8.15 tonnes; (ii) reduce SO_2 by 0.21 tonnes; (iii) reduce wastewater discharge by 4,522 tonnes. To achieve these targets, we will: (i) install additional toluene recovery equipment to improve single-stage adsorption efficiency; (ii) establish a special emission reduction task force to conduct regular progress assessments; (iii) proactively apply for green manufacturing subsidies and environmental protection tax reductions and exemptions.

Climate-related Risks

We recognize climate change's profound impact on global ecology, economic structure and enterprise sustainable development. We classify climate-related risks into physical risks (from extreme weather or long-term climate trends) and transition risks (from policy, technology and market changes in the low-carbon transition).

Climate-related Physical Risks:

We identify potential impacts of extreme weather (heavy rains, typhoons, high temperatures, etc.) on operations (production disruptions, facility damage, etc.) and have established standardized controls based on the Typhoon and Heavy Rain Prevention Management Procedure. We clarify departmental responsibilities, implement pollution prevention measures (rainwater-sewage diversion, pipe network maintenance) and have an emergency response mechanism with containment, collection and wastewater treatment measures. We strengthen infrastructure and employee training, forming a closed-loop management system to reduce extreme weather impacts.

Climate-related Transition Risks:

Stricter carbon regulations and carbon taxes may increase compliance costs; low-carbon technology iteration may lead to equipment obsolescence and increased upgrading investment; growing low-carbon product demand and investor ESG attention may affect competitiveness and financing conditions.

We promote cleaner production and implement energy-saving and carbon reduction measures, including: (i) phased out ten inefficient YB3 series motors and one SCB10-800/10 transformer; (ii) installed a 0.5MW photovoltaic power generation system on the factory roof to replace traditional grid power; (iii) optimized glue preparation and application processes, improving organic waste gas collection rate with closed devices; (iv) added two robotic arms to replace manual loading/unloading of small presses, improving automation and reducing labor/energy costs; (v) optimized production processes, reducing unit product energy consumption from 0.55tce/Tons to 0.48tce/Tons, unit electricity consumption by 14% and unit organic waste gas emissions by 43%.

We will continue to deepen cleaner production, plan to expand the scale of photovoltaic power generation installation, improve the carbon footprint accounting of the entire product line and promote process upgrading in more energy-intensive aspects, systematically responding to climate-related transition risks through regular green transition initiatives.

Corporate Social Responsibility

We regard corporate social responsibility as a core support for sustainable development, building a system covering employee rights, health and safety, career development and supply chain collaboration. We adhere to equal employment, zero major safety accidents/occupational diseases, dual employee career channels and responsible supply chain management. We hold ISO 45001 Occupational Health and Safety Management System certification.

Employee Rights and Interests Protection

We strictly comply with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), establishing a standardized recruitment system through the Recruitment and Interview Selection Management System, opposing all discrimination and prohibiting child labor, prisoner labor or bonded labor. We have a scientific salary and welfare system, matching salaries to job responsibilities/performance/market conditions, paying labor remuneration on time and fully paying five social insurances and one housing fund. We standardize labor contract management (signing, performance, termination) to clarify rights and obligations and ensure statutory rest rights. Our Employee Reward and Punishment System clarifies reward/penalty rules, with standardized approval, appeal and supervision mechanisms to ensure fairness.

The employee turnover rate and the gender ratio of the management team are shown in the table below:

		Year ended December 31,			Six months ended June 30,
Indicator	**Unit**	**2023**	**2024**	**2025**	**2026**
Overall employee turnover rate[1]	%	12.8	15.1	13.7	–
Gender ratio of the management team					
The proportion of male managers	%	73.7	77.7	77.9	79.6
The proportion of female managers	%	26.3	22.3	22.1	20.4

Notes:

(1) The turnover rate is calculated on an annual basis.

Employee Health and Safety

We prioritize employee health and safety, signing Annual Work Safety Responsibility System with departments, conducting regular safety inspections, fire equipment checks and emergency drills, and inspecting special equipment. Special operations personnel receive external training and hold qualification certificates to ensure zero major environmental safety accidents.

We train employees in hazardous positions, entrust legal entities to verify workplace harmful factors annually, formulate labor protection supply rules, establish an occupational hazard position list, organize annual employee physical examinations and compile occupational disease statistics to ensure zero occupational diseases. We identify high-risk diseases, optimize factory hygiene, establish monitoring and isolation measures, and popularize epidemic prevention knowledge.

We assess 24 core production processes based on the Classification Standard for Physical Labor Intensity, focusing on heavy object handling, repetitive movements and improper postures. High-risk processes are equipped with labor-saving equipment and two-person collaboration; medium-risk processes adopt a 20-minute rotation system with protective equipment.

Career Development and Training

We attach importance to employee career growth, establishing a standardized training system through the Employee Training Management System and External Training Management System. We build dual career channels (management and professional) and link training participation/effectiveness to career development and performance evaluation to optimize the talent team.

Community Contributions

We fulfill social responsibility through public welfare initiatives, relying on the trade union and special love fund to provide precise support to employees in need. The trade union conducts regular employee assistance (home visits, material support, economic subsidies). We distribute cooling supplies to front-line employees in summer, donated pandemic prevention materials to communities during COVID-19, and delivered daily necessities to community households to improve living conditions.

Product Safety

Our core product, calcined mica tape, has excellent high-temperature resistance and fire-resistant insulation performance, complying with IEC 60331 and BS 6387 international standards. It uses environmentally friendly materials (no heavy metals) and has a three-level quality control process (raw material screening, full-process inspection, third-party testing) to ensure key indicators meet standards. We hold ISO 9001 certification, with complete product quality traceability records from raw materials to end products. We follow product recall regulations, conduct annual recall simulation drills and ensure full product traceability within two hours.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any major claims or fines due to any product safety issues and have complied with relevant laws and regulations in all material respects.

Responsible Supply Chain Traceability Management

We have established a full-chain compliance and traceability system for mica mining, transportation and trading in line with OECD guidelines and international labor standards. We maintain zero tolerance for severe human rights violations including torture, forced labor and child labor, and will suspend or terminate cooperation with suppliers involved in such violations. We respect the rights of indigenous and local communities, oppose employment discrimination and support freedom of association. We prohibit all forms of bribery, prevent

money laundering and terrorist financing risks, and ensure lawful payments of taxes and royalties to governments. We ban mining in protected areas, control toxic and hazardous substance emissions, and comply with international standards for dangerous goods transportation. We conduct supply chain due diligence in accordance with the OECD five-step process to mitigate risks of conflict, human rights abuse and corruption.

Anti-corruption and Anti-bribery

We enforce strict anti-corruption and anti-bribery compliance procedures through our Code of Business Ethics, and prohibit all improper interest transfers including solicitation or acceptance of kickbacks, rebates and facilitation fees. Gifts exceeding business etiquette must be declared or handed over as required. We maintain a multi-channel confidential reporting system to protect whistleblowers from retaliation and reward eligible informants. Violations are subject to hierarchical penalties including warnings, dismissal and judicial referral for suspected crimes. We conduct regular anti-corruption compliance training and integrate ethical performance into employee evaluation. We perform due diligence on business partners and include integrity compliance clauses in cooperation agreements to enforce liability for breaches.

Information Disclosure Risks

We maintain a closed-loop information disclosure management system to ensure disclosures are truthful, accurate, complete, timely and fair. Periodic and interim reports are reviewed by the Audit Committee and approved by the Board of Directors. We maintain an insider registration and confidentiality system to control information access. We standardize the process for suspension and exemption of information disclosure for state secrets and trade secrets, and resume timely disclosure after such reasons are eliminated. We maintain an accountability system for material errors in annual report disclosures with penalties including warnings, reassignment and loss compensation based on violation severity.

Public Opinion Management Risks

We maintain a standardized public opinion classification and disposal mechanism to address negative reports and rumors without damaging business reputation or investor interests. General public opinion is handled by the Board Secretary and the Securities Department; major public opinion triggers a working group meeting for verification, media communication, investor guidance and clarification announcements. Internal personnel violating confidentiality obligations face disciplinary action; we reserve the right to pursue legal liability against external entities fabricating or spreading false information to ensure rapid and proper public opinion disposal and safeguard the legitimate rights and interests of the Company and investors.

For risk management relating to financial reporting, investment and internal control, see " — Risk Management and Internal Control."

EMPLOYEES

As of June 30, 2026, we had 2,082 full-time employees. The following table sets forth the numbers of our employees categorized by function as of the date indicated:

Function	Number of Employees	Percent
		(%)
R&D	187	9.0
General and administration	307	14.8
Production	1,497	71.9
Sales	91	4.4
Total	**2,082**	**100.0**

To enhance human resource management, we have implemented a comprehensive set of internal management measures, clearly defining procedures and criteria for recruitment, training, internal referrals and other key processes. Our recruitment strategies include a variety of channels such as campus recruitment, online platforms and external recruitment agencies as well as internal referrals and transfers. Beyond competitive salaries and benefits, we offer performance-based bonuses to incentivize and reward our full-time employees. Additionally, we have established a robust employee training and development system and are dedicated to fostering an engaging and supportive working environment for our employees. To formalize our employment relationships, we enter into standard labor contracts and confidentiality agreements with all full-time employees.

In accordance with PRC laws and regulations, we enroll our employees in various social security schemes administered by local governments, including pension insurance, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance and housing provident funds.

During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to social insurance and housing provident funds for certain employees based on their actual salaries. We estimate that the shortfall of social insurance and housing provident fund contributions in 2023, 2024, 2025 and the six months ended June 30, 2026 was approximately RMB7.5 million, RMB9.9 million, RMB15.5 million and RMB7.9 million. The aggregate amount of the aforesaid shortfall of social insurance and housing provident fund contributions is less than 3.0% of our revenue in 2025. Pursuant to the applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement. Therefore, the maximum potential late fees for which we may be liable in connection with the inadequate contributions to the social insurance would be approximately RMB1.1 million, RMB2.6 million, RMB4.9 million and RMB3.0 million for 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Given that we have undertaken to make timely and full contributions, the maximum potential penalty would be limited to the shortfall in our social insurance and housing provident fund contributions.

To monitor our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken and will take the following internal control measures and actions to rectify the non-compliance: (i) provide training to our human resources department to not enter into any arrangements with our employees for the waiver of social insurance contributions; (ii) designate our human resources department to review and monitor the reporting and contributions of social insurance and housing provident funds; (iii) consult our PRC Legal Advisor on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant PRC laws and regulatory developments, including but not limited to PRC laws and regulations in relation to social insurance and housing provident funds, and will provide relevant employees with legal compliance trainings relating to the same; and (iv) in the event that competent government authorities require us to make the contributions to the social insurance and housing provident funds within a stipulated time period or make supplementary contributions and late fees, we will duly comply in a timely manner.

As of the Latest Practicable Date, we have duly completed the registration for social insurance and housing provident funds and made contributions for our employees in accordance with the local regulations and policies. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material administrative actions, fines or penalties by the relevant authorities for violations of PRC laws relating to social insurance and housing provident funds. We have not received any notice from the authorities requiring us to make up contributions, nor have we been subject to any inspection, investigation or material employee complaints or reports in this regard. We have obtained confirmation from the local authorities in charge of social insurance and housing provident funds and, where applicable, through relevant credit reports, that no administrative penalties were imposed on us in connection with the above matters during the Track Record Period and up to the Latest Practicable Date.

According to the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases, promulgated by the Supreme People's Court on August 1, 2025 and effective from September 1, 2025, any agreement between a PRC employer and an employee or an employee's undertaking to the employer on the non-contribution of social insurance shall be deemed invalid by the People's Court. If an employee requests to terminate the employment agreement and seek economic compensation on the grounds that the employer has failed to pay social insurance contributions in accordance with the applicable laws, the People's Court shall support such claims. As advised by our PRC Legal Advisor, the Interpretation does not expand the scope of penalties nor change or abolish existing laws and regulations.

We had not made provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date. Our Directors believe, and our PRC Legal Advisor is of the view, that provided there are no material changes to current policies, regulations or regulatory practice and in the absence of group employee complaints, reports or related litigation or arbitration, the risk of us being subject to major administrative penalties and collective recovery of social insurance and housing provident fund contributions by the competent authorities due to not making full contributions based on employees' actual salaries is low. The Reporting Accountants have reviewed our Group's assessment and concur with the management's judgement that no provision is required under the applicable accounting standards.

PROPERTIES

Our corporate headquarters office is located in Jiaxing, Zhejiang. As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we owned five properties in China with an aggregate gross floor area of approximately 227,728 sq.m., which were primarily used for industrial purposes.

As of the Latest Practicable Date, we owned a total of five parcels of land in China with an aggregate land use right area of approximately 208,852 sq.m., primarily utilized for production, office, warehousing and other operational purposes. We had obtained the land use right certificates for all of our parcels of land in China. As of the Latest Practicable Date, we also owned one parcel of land in Thailand with a total land area of approximately 85,985 sq.m., which is designated for industrial development purposes.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had obtained and held all relevant title certificates in respect of the land and properties owned by us in compliance with the applicable PRC laws and regulations relating to land and properties.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties imposed by the relevant governmental authorities in connection with the foregoing. According to the opinion of our PRC Legal Advisor, we legally and validly own the land use rights to the above parcels in China. Such land use rights are free from any ownership disputes or potential disputes, and our exercise is not subject to any restrictions or to any mortgage, encumbrance or other third-party security interest.

Leased Properties

As of the Latest Practicable Date, we leased six properties in China with an aggregate gross floor area of approximately 40,939 sq.m., which were primarily used for office, production and warehouse purposes. The leases generally have a term ranging from three to eight years.

As of the Latest Practicable Date, five of our leased properties have not been registered for lease filing as required under PRC regulations. Under the relevant PRC regulations, we may be ordered by the competent authorities to register the relevant lease agreements within a prescribed period and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply.

As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. While there is a risk of being ordered to rectify and being subject to administrative penalties for overdue non-registration, the statutory penalty amounts

are relatively low and such non-registration does not affect our right to use the leased properties in accordance with the lease agreements. See "Risk Factors — Risks Relating to Our Business and Industry — Any unfavorable changes to our lease arrangements or any defects or delays associated with our land use rights could adversely affect our business and financial performance." During the Track Record Period and as of the Latest Practicable Date, we were not required by the authorities to register these leases and had not been subject to any penalties for such non-registration. Our PRC Legal Advisor is of the view that this matter does not have a material adverse impact on our business operations.

INSURANCE

We believe that our insurance coverage is adequate for our business and in line with general market practice. Our principal insurance policies primarily include employee benefits insurance and employer's liability insurance, which we believe have covered major risks in our daily operations in the jurisdictions in which we operate. During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business.

In line with general market practice, we do not maintain certain insurance policies that are not available in the jurisdictions in which we operate, or that are not generally required by law. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be insufficient to cover all customer losses or potential claims, which could adversely affect our business, financial condition and results of operations."

RISK MANAGEMENT AND INTERNAL CONTROL

We have formulated and implemented comprehensive risk management and internal control policies that span various aspects of our business operations to oversee and address a spectrum of operational, financial, legal and market risks that may be or have been identified in connection with our operations. These comprehensive risk management and internal controls are supported by our specific monitoring and reporting procedures and systems, as outlined in the relevant policies. Our Board bears the responsibility for overseeing our overall risk management, ensuring that our risk management policies are not only implemented but also regularly reviewed and updated to reflect the changing business environment.

We established a dedicated internal audit team which takes responsibility for establishing risk management and internal control policies, conducting internal audit, providing internal control consultation and guiding any rectification.

Business Operational Risk Management

We have established a series of internal procedures to manage business operational risks, including risks related to incomplete or problematic internal processes, personnel mistakes, IT system failures and external events. We take a comprehensive approach to operational risk management and implement a mechanism with detailed and decentralized responsibilities, clear rewards and penalty systems. Our business operations, finance, IT and human resources departments are collectively responsible for ensuring that our business operations comply and conform with internal procedures. On the occurrence of a major adverse event, the matter will be escalated to our senior management, and the Board of Directors may need to take appropriate measures. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, including financial report management policies, budget management policies, financial statements preparation policies and financial department and staff management policies. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training for our financial department staff to ensure that they understand financial management and accounting policies and implement them in our daily operations.

Intellectual Property Risk Management

See "— Intellectual Property."

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. Our human resources department regularly organizes internal training sessions conducted by internal or external experts on topics of interest. Our human resources department schedules online training sessions, reviews the content of the training programs and follows up with employees to evaluate the impact of such training. Through these training courses, we ensure that our staff's skills remain up to date, enabling them to better discover and meet consumers' needs. We have in place an employee handbook approved by our management and distributed to all of our employees, which contains internal rules and guidelines regarding best commercial practices, work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with regular training and resources to explain the guidelines contained in the employee handbook.

We also have in place an anti-corruption policy to safeguard against any corruption within our Company. The policy explains potential corruption conduct and our anti-corruption measures. We make our internal reporting channel available for our staff to report any corruption acts, and our staff can also make anonymous reports to our internal audit department. Our internal audit department is responsible for investigating any reported incidents and taking appropriate measures. We also have regular training for employees regarding the anti-bribery policy to facilitate the implementation of the policy. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any anti-bribery incident committed by our employees in relation to our customers.

Investment Risk Management

Our investment strategy is grounded in the principles of compliance, prudence, safety and effectiveness. We consider the following criteria in making investment decisions: (i) size, expected returns and associated risks; (ii) compliance with applicable laws and regulations; (iii) consistency with our growth strategies; (iv) appropriateness of enterprise resource allocation; and (v) optimization of our portfolio.

We set up investment plans in line with our business strategies with input from various business departments. An investment budget is set up based on our business strategies every year. We generally intend to hold our investments for the long term. With surplus cash on hand, we may also make investments in cash management products to generate finance income at a yield higher than the current bank deposit interest rates, with an emphasis on capital preservation. Each investment decision is made based on internal vetting and discussions, considering factors such as market dynamics, expected returns and risks involved.

We believe that our internal strategy and policies regarding investments and the related risk management mechanisms are adequate, and that our investment decisions have been in full compliance with our investment strategy and policies.

INFORMATION SECURITY AND PRIVACY

We place significant emphasis on information security management, drawing on the best international practices in our operations. We strictly abide by the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China and other national or regional laws and regulations to conduct business.

In the course of our daily operations, we may need to collect and process the personal information of our employees, visitors and business partners, involving various scenarios including personal information collection and use and entrusted third-party processing. We strictly comply with applicable laws and regulations, including the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China and other applicable laws and regulations, and enhance our data compliance management practices. We proactively follow the developments and interpretations of laws and regulations, conduct compliance risk assessments, perform compliance reviews and provide relevant training to our employees. During the Track Record Period, our personal information processing activities were limited to ordinary-course business contact information of customers' and suppliers' representatives and employees' personal information for internal administration and human resources management purposes. Based on the due diligence conducted and documents reviewed by our PRC data compliance legal advisers, our Group has proper legal basis for the relevant processing activities under applicable PRC data protection laws and regulations, and has obtained consent or separate consent where required, including for employees' sensitive personal information. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or loss of data or information. Based on the due diligence conducted and documents reviewed by our PRC data compliance legal advisers on information security and privacy, during the Track Record Period and up to the Latest Practicable Date, we were in material compliance with the PRC laws and regulations relating to cybersecurity, data security and privacy protection, and had not been involved in any material violations, including the unlawful collection, use or provision of data. No material non-compliance or risk of material administrative penalty has been identified in this regard. In addition, except for the cross-border transfer of personal information for the purpose of the [**REDACTED**], we had not conducted any data processing activities outside the PRC.

LICENSES, APPROVALS AND PERMITS

We are required to obtain various licenses, permits, approvals and certificates for our business. As advised by our PRC Legal Advisor, we had obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid and subsisting as of the Latest Practicable Date.

LEGAL PROCEEDINGS

Legal Proceedings

Occasionally, we may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

AWARDS AND RECOGNITIONS

We have received a number of awards and recognitions in respect of our technologies and products. The following table sets forth major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

Year	Name of Award or Recognition	Awarding Authority
2025	Public List of Enterprises that Passed the Review for the Third Batch of "Specialized, Refined, Distinctive and Innovative Little Giants" in Zhejiang Province (浙江省第三批專精特新"小巨人"覆核通過企業公示名單)	Ministry of Industry and Information Technology of the People's Republic of China
2025	The Ninth Batch of Manufacturing Industry Single Champion Enterprises (第九批製造業單項冠軍企業)	Department of Economy and Information Technology of Zhejiang Province
2025	"Zhejiang Manufacturing Excellence" ("浙江製造精品")	Department of Economy and Information Technology of Zhejiang Province
2025	Zhejiang Export Premium Brand (浙江出口名牌)	Department of Commerce of Zhejiang Province
2025	Zhejiang Provincial Green and Low-Carbon Industrial Parks and Factories (2025年浙江省綠色低碳工業園區、工廠)	Department of Economy and Information Technology of Zhejiang Province

Year	Name of Award or Recognition	Awarding Authority
2024	2024 Zhejiang Provincial Enterprise Technology Centers (2024年浙江省企業技術中心)	Department of Economy and Information Technology of Zhejiang Province Department of Finance of Zhejiang Province State Taxation Administration Zhejiang Provincial Tax Service Hangzhou Customs of the People's Republic of China
2023	2023 Zhejiang Provincial Science and Technology Leading Enterprise & Technology Little Giant Enterprise (2023年度浙江省科技領軍企業、科技小巨人企業)	Department of Science and Technology of Zhejiang Province
2023	Zhejiang Provincial Intellectual Property Model Enterprises (浙江省知識產權示範企業)	Zhejiang Provincial Administration for Market Regulation
2023	Zhejiang Provincial Science and Technology Progress Award (浙江省科學技術進步獎)	People's Government of Zhejiang Province
2023	2023 Zhejiang Provincial First Batch of New Materials (2023年度浙江省首批次新材料)	Department of Economy and Information Technology of Zhejiang Province
2023	2023 Zhejiang Provincial May Day Labor Award, Medal and Worker Pioneer Title (2023年浙江省五一勞動獎狀、獎章和工人先鋒號)	Zhejiang Federation of Trade Unions

OVERVIEW

Upon the [**REDACTED**], our Board will consist of nine Directors, consisting of two executive Directors, three non-executive Directors and four independent non-executive Directors. Our Directors serve a term of three years and eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

DIRECTORS

The following table sets forth the information about our Directors:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management of our Company
Executive Directors						
Ms. CAO Meisheng (曹梅盛)	[64]	Chairperson of the Board, executive Director and chief technology officer	January 2003	August 20, 2021	Responsible for overall strategic planning, business direction, technology innovation and management of our Group	Mr. GE Tairong's wife and Ms. GE Fan's mother
Mr. ZHENG Minmin (鄭敏敏)	[44]	Executive Director and general manager	July 2006	August 20, 2021	Responsible for the daily management and operations of our Group	N/A
Non-executive Directors						
Mr. GE Tairong (葛泰榮)	[70]	Non-executive Director	January 2003	August 20, 2021	Responsible for providing advice on the operations and management of our Group	Ms. CAO Meisheng's husband and Ms. GE Fan's father
Ms. GE Fan (葛凡)	[39]	Non-executive Director	August 2021	August 20, 2021	Responsible for providing advice on the operations and management of our Group	Ms. CAO Meisheng and Mr. GE Tairong's daughter
Ms. RAO Lei (饒蕾)	[51]	Non-executive Director	November 2006	November 17, 2025	Responsible for providing advice on the operations and management of our Group	N/A

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management of our Company
Independent non-executive Directors						
Ms. WEI Xiao (魏霄) . .	[44]	Independent non-executive Director	August 2021	August 20, 2021	Responsible for supervising and providing independent opinion and judgment to our Board	N/A
Mr. JI Maoli (紀茂利) . .	[55]	Independent non-executive Director	September 2024	September 5, 2024	Responsible for supervising and providing independent opinion and judgment to our Board	N/A
Mr. AN Yulei (安玉磊) .	[51]	Independent non-executive Director	September 2024	September 5, 2024	Responsible for supervising and providing independent opinion and judgment to our Board	N/A
Mr. SHEA Chun Lok (佘俊樂)	[59]	Independent non-executive Director	[REDACTED]	July 24, 2026 (effective upon [REDACTED])	Responsible for supervising and providing independent opinion and judgment to our Board	N/A

Executive Directors

Ms. CAO Meisheng (曹梅盛), aged [64], is our co-founder, the chairperson of the Board, an executive Director and our chief technology officer.

Prior to joining our Group, Ms. CAO was engaged in the manufacturing and sales of woollen sweater. Ms. CAO joined our Group in January 2003 and co-led our Company's shareholding reform to convert into a limited liability company in 2004 and then be listed on the Shanghai Stock Exchange in 2023. Ms. CAO subsequently served as the chairperson of the Board, general manager, executive director of our Company between January 2003 and August 2021 and has been serving as the chairperson of the Board and chief technology officer since August 2021. Ms. CAO also holds directorship in our multiple subsidiaries. Other than her positions in our Group, Ms. CAO has been serving as the vice chairperson of the board of Zhejiang Rongtai Technology Enterprise Company Limited (浙江榮泰科技企業有限公司) ("**Rongtai Technology**") since May 2021. She served as the chairperson of the board of Rongtai Technology from August 2011 to May 2021. Rongtai Technology is principally engaged in the manufacturing and sales of insulating varnish and potting compound (being our raw materials), whose business is complementary to ours.

Ms. CAO served as a deputy to each of the fifth and ninth People's Congress of Nanhu District, Jiaxing, Zhejiang Province, PRC (中華人民共和國浙江省嘉興市南湖區人民代表大會) and a member of the Third Committee of the Chinese People's Political Consultative Conference of Nanhu District, Jiaxing, Zhejiang Province, PRC (中華人民共和國浙江省嘉興市南湖區中國人民政治協商委員會). Ms. CAO is now serving as a deputy to the tenth People's Congress of Nanhu District, Jiaxing, Zhejiang Province, PRC.

Ms. CAO graduated from Hangzhou Chemical Industry School (杭州化學工業學校) (now known as Zhejiang Gongshang University (浙江工商大學)) in the PRC in July 1982 and obtained her college diploma in mechatronics from the University of Electronic Science and Technology of China (電子科技大學) in the PRC (online courses) in June 2018.

Mr. ZHENG Minmin (鄭敏敏), aged [44], is our executive Director and general manager.

Mr. ZHENG joined our Group in July 2006 and has served progressively senior positions in our Group since then, including technical engineer, deputy sales director and general manager. He also held directorship and management positions in our multiple subsidiaries. Other than his positions in our Group, Mr. ZHENG served as a director in Rongtai Technology from July 2016 to June 2024. Mr. ZHENG has been serving as a director in Guangdong Kingly Gear Co., Ltd.* (廣東金力智能傳動技術股份有限公司) ("**Kingly Gear**") since July 2025 pursuant to the director nomination right in our Company's investment agreement with Kingly Gear. See "History, Development and Corporate Structure — Acquisition of Minority Interest in Kingly Gear."

Mr. ZHENG has been recognized for his industrial knowledge and expertise, and participates in the formulation and development of industry standards. He currently serves as a member of the Insulating Materials and Insulation Technology Professional Committee of the China Electrotechnical Society (中國電工技術學會絕緣材料與絕緣技術專業委員會), the National Technical Committee on Standardization of Electrical Insulating Materials and Insulation Systems Assessment (全國電氣絕緣材料與絕緣系統評定標準化技術委員會) and the National Technical Committee on Standardization of Insulating Materials (全國絕緣材料標準化技術委員會).

Mr. ZHENG also served as a member of the 5th Committee of the Chinese People's Political Consultative Conference of Nanhu District, Jiaxing, Zhejiang Province, PRC (中華人民共和國浙江省嘉興市南湖區中國人民政治協商委員會).

Mr. ZHENG obtained his master's degree in measurement technology and instrumentation from Zhejiang University (浙江大學) in the PRC in March 2006. Mr. ZHENG obtained his senior engineer certificate (高級工程師) in June 2022.

Non-executive Directors

Mr. GE Tairong (葛泰榮), aged [70], is our co-founder and a non-executive Director. Prior to joining our Group, Mr. GE was engaged in the manufacturing and sales of woollen sweater. Mr. GE joined our Group in January 2003 and co-led our Company's shareholding reform into a limited liability company in 2004 and our Company's listing on the Shanghai Stock Exchange in 2023. Mr. GE also held or currently holds directorship in our multiple subsidiaries. Other than his positions in our Group, Mr. GE subsequently served as the chairperson of the board of directors, vice chairperson of the board of directors and a director of Rongtai Technology between February 1999 and April 2018, and has resumed this directorship in June 2024.

Mr. GE obtained his college diploma in mechatronics from University of Electronic Science and Technology of China (電子科技大學) in the PRC (online course) in June 2018.

Ms. GE Fan (葛凡), aged [39], is a non-executive Director. Ms. GE joined our Company in August 2021 and has been serving as a Director since then. She currently holds directorships in our multiple subsidiaries. Other than her positions in our Group, Ms. GE has been serving as the chairperson of the board and general manager in Rongtai Technology and an executive director and general manager in Jiaxing Rongtai Leipasi Insulating Materials Company Limited (嘉興榮泰雷帕司絕緣材料有限公司) since May 2021.

Prior to joining our Group, Ms. GE Fan held senior positions in Rongtai Technology, including vice general manager from May 2014 to April 2018 and vice chairperson of the board from April 2018 to May 2021.

Ms. GE was recognized as an Outstanding Youth on the 60th Anniversary of the China National Democratic Construction Association, Jiaxing Municipal Committee (中國民主建國會嘉興市委員會) and has served as a member of the 4th Committee of the Chinese People's Political Consultative Conference of Nanhu District, Jiaxing, Zhejiang Province, PRC (中華人民共和國浙江省嘉興市南湖區中國人民政治協商委員會). She is now serving as a member of the 9th Committee of the Chinese People's Political Consultative Conference of Jiaxing, Zhejiang Province, PRC.

Ms. GE obtained her bachelor's degree in physics from the University of Bath in the United Kingdom in June 2010 and her master's degree in e-business management from the University of Warwick in the United Kingdom in November 2011. Ms. GE obtained the senior engineer certificate (高級工程師) and senior economist certificate (高級經濟師) issued by the Zhejiang Provincial Department of Human Resources and Social Security (浙江省人力資源和社會保障廳) in December 2023 and December 2022, respectively.

Ms. RAO Lei (饒蕾), aged [51], is a non-executive Director. Ms. RAO joined our Group in November 2006 and is serving as the director of our R&D department II (研發二部).

Ms. RAO served as the employee representative supervisor of our Company and chairperson of the supervisory committee from August 2021 to November 2025.

Prior to joining our Group, Ms. RAO served as a technical system manager of technical department in Rongtai Technology from April 2003 to November 2004 and worked in Jiaxing Hongtong Yaye Insulating Materials Co., Ltd. (嘉興市鴻通亞業絕緣材料有限公司) from November 2004 to August 2006.

Ms. RAO obtained her bachelor's degree in polymer materials and engineering from Zhejiang University (浙江大學) in the PRC in June 1998. Ms. RAO obtained her senior engineer certificate (高級工程師) in December 2023.

Independent non-executive Directors

Ms. WEI Xiao (魏霄), aged [44], has been our independent non-executive Director since August 2021.

Ms. WEI commenced her academic career in January 2009 at the School of Chemistry and Chemical Engineering, Shanghai Jiao Tong University (上海交通大學化學化工學院) in the PRC, where she has been serving progressively senior positions, including a post-doctoral researcher from January 2009 to January 2011, an assistant researcher from January 2011 to December 2016 and an associate professor since December 2016.

Ms. WEI obtained her bachelor's degree in chemistry from Jilin University (吉林大學) in the PRC in July 2003 and her doctoral degree in science from Jilin University in the PRC in December 2008.

Mr. JI Maoli (紀茂利), aged [55], has been our independent non-executive Director since September 2024.

Mr. JI has over 30 years of academic and professional experience in accounting and financial management. Mr. JI commenced his career at Northeast Electric Power Administration Yanta Engineering Company Limited (東北電業管理局煙塔工程公司) (now known as Northeast Electric Power Yanta Engineering Company Limited (東北電力煙塔工程有限公司)) from July 1993 to August 1999, where he held various accounting positions, including, among others, cost audit, tax accounting and materials accounting. Mr. Ji served at Bohai University (渤海大學) from August 1999 to May 2019 (from August 1999 to April 2000, Bohai University was known as Liaoning Commercial College (遼寧商業高等專科學校); in April 2000, it was merged into Jinzhou Normal University (錦州師範學院), and in April 2003 it was renamed as Bohai University (渤海大學)). Throughout his tenure, Mr. Ji successively held various academic and administrative roles, including lecturer in accounting, associate professor, professor of accounting, deputy dean of the School of Management, deputy director of the Audit Office, and director of the Audit Office. Mr. JI has been serving as a lecturer at the School of Business and a professor at the school of accounting of Jiaxing University (嘉興大學) (used to known as Jiaxing College (嘉興學院)) since May 2019.

Mr. JI obtained his bachelor's degree in accounting from Changsha Normal University of Water Conservancy and Electric Power (長沙水利電力師範學院) (now known as Changsha University of Science & Technology (長沙理工大學)) in the PRC in July 1993, his master's degree in world economics from Northeast Normal University (東北師範大學) in the PRC in July 2003 and his doctoral degree in agricultural economic management (accounting) from Shenyang Agricultural University (瀋陽農業大學) in the PRC in June 2010. Mr. JI has been a member of the Chinese Institute of Certified Public Accountants since December 2001.

Mr. AN Yulei (安玉磊), aged [51], has been our independent non-executive Director since September 2024.

Mr. AN commenced his career in August 2005 at the Jiaxing Intermediate People's Court (嘉興市中級人民法院), where he worked as a judge from March 2010 to July 2013. He subsequently joined CITIC Bank Jiaxing Branch (中信銀行嘉興分行) and served as a deputy general manager of the legal and asset protection department from September 2013 to February 2017. He worked as a lawyer of Zhejiang Zhongrui Law Firm (浙江中銳律師事務所) from March 2017 to October 2020. Since November 2020, he has been working at Zhejiang Kaifa Law Firm (浙江開發律師事務所) with current position as person-in-charge and senior partner.

Mr. AN obtained his college diploma in biology education from Suzhou University (蘇州大學) in the PRC in June 1999 and his master's degree in constitutional and administrative laws from Suzhou University in the PRC in June 2005. Mr. AN obtained the PRC Legal Profession Qualification Certificate from the Department of Justice, Zhejiang Province (浙江省司法廳) in September 2018.

Mr. SHEA Chun Lok, Quadrant, alias Martin (佘俊樂), formerly known as Mr. Shea Chi Lap (佘志立), aged [59], is an independent non-executive Director. He was appointed as an independent non-executive Director on July 24, 2026 with effect from the [**REDACTED**].

Mr. SHEA has a wealth of over 20-year experience in accounting, finance management and corporate governance. Mr. SHEA has been serving as an independent non-executive director of Beijing Enterprises Water Group Ltd. (北京控股水務集團有限公司, formerly known as Hi-Level Technology Holdings Limited), a company listed on the Stock Exchange (stock code: 0371) and V & V Technology Holdings Limited (時騰科技控股有限公司, formerly known as Hi-Level Technology Holdings Limited), a company listed on the Stock Exchange (stock code: 8113), since April 2002 and December 2015, respectively. From February 2015 to December 2024, Mr. SHEA held various positions in Asia Allied Infrastructure Holdings Ltd. (亞洲聯合基建控股有限公司, formerly known as Chun Wo Development Holdings Limited), a company listed on the Stock Exchange (stock code: 0711), including chief financial officer from February 2015 to December 2024, company secretary from October 2015 to December 2024, executive director from July 2017 to December 2024. From August 2008 to July 2017, Mr. SHEA served as financial controller at Chun Wo Construction & Engineering Co., Ltd. From August 2006 to June 2008, he served as the financial controller of United Metals Company Limited (鏗利實業有限公司). From October 2005 to June 2006, Mr. SHEA served as the financial director of Man Yue Technology Holdings Ltd. (萬裕科技集團有限公司, formerly known as Man Yue International Holdings Ltd.), a company listed on the Stock Exchange (stock code: 0894). From May 1999 to June 2005, Mr. SHEA served as group financial director and company secretary at S.A.S. Dragon Holdings Limited (時捷集團有限公司), a company listed on the Stock Exchange (stock code: 1184).

Mr. SHEA obtained a bachelor's degree in business from Monash University in Australia in June 1999, a master's degree in economics from Jinan University (暨南大學) in the PRC in December 2013 and a master's degree in law from Renmin University of China (中國人民大學) in the PRC in January 2017. Mr. SHEA was admitted as a certified practising accountant and a fellow certified practising accountant of Certified Practising Accountant of Australia in June 1999 and December 2006, respectively. He was admitted as a member of the Hong Kong Institute of Certified Public Accountants in April 2001, the Chartered Institute of Management Accountants of the United Kingdom in July 2009, and the Institute of Singapore Chartered Accountants in July 2013. He was admitted as a certified tax adviser of the Taxation Institute of Hong Kong in September 2010.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as Senior Management	Roles and responsibilities
Ms. CAO Meisheng (曹梅盛)	[64]	Chairperson of the Board, executive Director and chief technology officer	January 2003	August 20, 2021	Responsible for overall strategic planning, business direction, technology innovation and management of our Group
Mr. ZHENG Minmin (鄭敏敏)	[44]	Executive Director and general manager	July 2006	August 20, 2021	Responsible for the daily management and operations of our Group

Name	Age	Position(s)	Time of joining our Group	Date of appointment as Senior Management	Roles and responsibilities
Mr. CHEN Tao (陳弢) . . .	[46]	Finance director and secretary to the Board	June 2024	September 5, 2024	Responsible for overall financial management of our Group, information disclosure, investor relation and other Board-related matters

Ms. CAO Meisheng (曹梅盛) is our executive Director and chief technology officer. See "— Directors — Executive Directors" in this section for her biographical details.

Mr. ZHENG Minmin (鄭敏敏) is our executive Director and general manager. See "— Directors — Executive Directors" in this section for his biographical details.

Mr. CHEN Tao (陳弢), aged [46], has been our finance director and secretary to the Board since September 2024. Mr. Chen also currently serves as the person-in-charge of finance in some of our subsidiaries. Mr. Chen joined our Group in June 2024 and initially served as an assistant to the general manager from June 2024 to September 2024.

Mr. CHEN possesses extensive knowledge of and experience in accounting and finance. He served as a project manager in Jiaxing Chengzhou Joint Certified Public Accountants (General Partnership) (嘉興誠洲聯合會計師事務所) from August 2003 to January 2013. From February 2013 to January 2016, he served as the finance director of CHENGDA PHARMACEUTICALS Co., Ltd. (誠達藥業股份有限公司) a company listed on the Shenzhen Stock Exchange (stock code: 301201). From February 2016 to July 2017, he served as the deputy manager in the securities department at Zhejiang Zhongming Certified Public Accountants Co., Ltd. (浙江中銘會計師事務所有限公司). From December 2017 to April 2023, he served as the board secretary and vice general manager in TANAC Automation CO., LTD. (浙江田中精機股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300461). From April 2023 to June 2024, he served as the finance director in Zhejiang Zhenshen Insulation Technology Corporation Limited (浙江振申絕熱科技股份有限公司).

Mr. CHEN obtained his bachelor's degree in taxation (international tax specialization) from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in July 2002 and his master's degree in accounting from Shanghai Jiao Tong University (上海交通大學) in the PRC in June 2010. Mr. CHEN obtained the intermediate accountant certificate (中級會計師證書) from the MOF in March 2013, the board secretary qualification from the Shenzhen Stock Exchange in June 2018 and has been a non-practicing member of the Chinese Institute of Certified Public Accountants since July 2019.

JOINT COMPANY SECRETARIES

Mr. CHEN Tao has been appointed as a joint company secretary of our Company. Mr. CHEN also serves as the finance director and secretary to the Board of our Company. For biographical details of Mr. CHEN, see "— Senior Management" above.

Ms. HO Sze Wah Cecilia (何詩華) is one of our joint company secretaries. Ms. HO has over 14 years of experience in company secretarial services and corporate governance for both Hong Kong and multinational corporations. She is currently assistant manager of global entity compliance at Computershare Hong Kong Investor Services Limited.

Ms. HO holds a master's degree in professional accounting and corporate governance from City University of Hong Kong and a bachelor's degree of business administration and management from De Montfort University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code and the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Nomination, Remuneration and Appraisal Committee and the Strategy Management and ESG Committee.

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group and provide advice and comments to our Board. The Audit Committee comprises Mr. JI Maoli, Ms. GE Fan and Ms. Wei Xiao, with Mr. JI Maoli (being the independent non-executive Director with appropriate professional qualifications) as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Ms. WEI Xiao, Mr. ZHENG Minmin and Mr. AN Yulei, with Ms. WEI Xiao as the chairperson.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. AN Yulei, Mr. ZHENG Minmin and Ms. WEI Xiao, with Mr. AN Yulei as the chairperson.

Strategy Management and ESG Committee

Our Board has established the Strategy Management and ESG Committee with written terms of reference. The primary duties of the Strategy Management and ESG Committee are to make recommendations to the Board on our Group's long-term development strategies, major decisions, and sustainable development. The Strategy Management and ESG Committee comprises Ms. CAO Meisheng, Mr. Ge Tairong and Mr. AN Yulei, with Ms. CAO Meisheng as the chairperson.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management of our Company receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation and other benefits in kind.

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the total remuneration of our Directors amounted to RMB3.1 million, RMB4.3 million, RMB5.1 million and RMB3.1 million, respectively. None of our Directors waived or agreed to waive any emolument in the same year/period.

Under the arrangements in force as of the date of this Document, our Company estimates the total remuneration payable to, and benefits in kind receivable by, our Directors by our Group for the year ending December 31, 2026 to be approximately RMB4.6 million.

The five highest paid individuals of our Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 included two, three, three and three Directors, respectively. During the same year, the aggregate amount of remuneration of the five highest paid individuals was RMB2.1 million, RMB1.6 million, RMB2.0 million and RMB1.1 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Group. No compensation was paid to, or received by, the Directors, former Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors in respect of the Track Record Period.

CORPORATE GOVERNANCE

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 complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

BOARD DIVERSITY POLICY

To enhance the efficiency of our Board and maintain a high level of corporate governance, we consider multiple factors when selecting Board candidates, including but not limited to gender, skills, age, professional experience, cultural background, educational background, and years of service, in order to achieve diversity among Board members. The ultimate decision on appointments will be based on the merits of the candidate and the contributions they will bring to our Board.

Our Board currently comprises four female Directors and five male Directors. Our Directors possess a balanced mix of knowledge and skills, encompassing overall management and strategic development, law, finance and accounting, as well as industry experience pertinent to the operations and businesses of our Group. They hold degrees in various fields, including accounting, science, law, and management. This diverse academic background allows our Board to tackle challenges and seize opportunities from multiple perspectives, fostering innovative solutions and developing comprehensive strategies. We have four independent non-executive Directors with diverse industry backgrounds, accounting for over one-third of the Board members. Moreover, our board includes representatives of diverse ages and genders. Considering our existing business model, specific needs, and the diverse backgrounds of our Directors, the composition of our Board conforms to our board diversity policy.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board, as well as selecting individuals nominated for directorship. The Nomination Committee will regularly monitor and evaluate the implementation of the Board's diversity policy to ensure its continued effectiveness, and make any necessary revisions as required. It will also recommend any such amendments to our Board for its consideration and approval. Additionally, the Nomination Committee will include a summary of our Board's diversity policy in the annual report.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Group's business which 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 in December 2025 (save for Mr. SHEA Chun Lok, who has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in July 2026) and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a [**REDACTED**] issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our 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.

Other Confirmations

None of the Directors and senior management of our Company is related to other Directors or senior management of our Company, save for (i) Mr. GE Tairong and Ms. CAO Meisheng are husband and wife and (ii) Ms. GE Fan is the daughter of Mr. GE Tairong and Ms. CAO Meisheng.

Save as disclosed in this section, (i) none of our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this Document; (ii) to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances, including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction is contemplated, including share issues and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the [**REDACTED**] or [**REDACTED**] of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment of our Compliance Advisor will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OVERVIEW

As of the Latest Practicable Date, Mr. GE Tairong and Ms. CAO Meisheng held an aggregate of approximately 38.38% of the total issued share capital of our Company, comprising approximately (i) 32.52% direct interest held by Mr. GE Tairong, (ii) 4.48% direct interest held by Ms. CAO Meisheng, (iii) 0.76% indirect interest held by Shanghai Chaotai, a limited partnership owned as to 33.07% by Ms. CAO Meisheng as the general partner, and (iv) 0.62% indirect interest held by Shanghai Congjiong, a limited partnership owned as to 7.34% by Ms. CAO Meisheng as the general partner. Mr. GE Tairong and Ms. CAO Meisheng are husband and wife.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. GE Tairong and Ms. CAO Meisheng will hold an aggregate of approximately [**REDACTED**]% of the total issued share capital of our Company, comprising approximately (i) [**REDACTED**]% direct interest held by Mr. GE Tairong, (ii) [**REDACTED**]% direct interest held by Ms. CAO Meisheng, (iii) [**REDACTED**]% indirect interest held by Shanghai Chaotai, and (iv) [**REDACTED**]% indirect interest held by Shanghai Congjiong. Therefore, Mr. GE Tairong and Ms. CAO Meisheng will control an aggregate of more than 30% of the voting power at general meetings of our Company. Accordingly, Mr. GE Tairong, Ms. CAO Meisheng, Shanghai Chaotai and Shanghai Congjiong will together constitute a group of Controlling Shareholders upon the [**REDACTED**].

INTEREST IN COMPETING BUSINESS

Each of the Controlling Shareholders confirms that he/she/it had no interest in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules as of the Latest Practicable Date.

NON-COMPETITION UNDERTAKING

For the purpose of the listing of our A Shares on the Shanghai Stock Exchange and to avoid any potential competition between our Group and our Controlling Shareholders, each of Ms. CAO Meisheng and Mr. GE Tairong has provided a non-competition undertaking in favor of our Company, pursuant to which each of Ms. CAO Meisheng and Mr. GE Tairong has undertaken that, among others:

(a) Ms. CAO Meisheng, Mr. GE Tairong and the companies controlled by them shall not, engage in any business that directly or indirectly competes or may compete with the business operated by our Group, namely, they shall not engage in any business that is identical or similar to the business operated by our Group; and

(b) If our Company or any of our subsidiaries determines that the existing or future business of any of Ms. CAO Meisheng, Mr. GE Tairong or any companies under their control constitutes or may constitute a competing business, Ms. CAO Meisheng, Mr. GE Tairong and the companies under their control shall, upon receipt of the objection from our Company or any of our subsidiaries, promptly take measures to transfer or cease such business.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that our Group is capable of carrying on its business independently from our Controlling Shareholders and their close associates after the [**REDACTED**].

Management Independence

Our Group's business is managed and conducted by the Board and senior management. Upon the [**REDACTED**], the Board will consist of nine Directors comprising two executive Directors, three non-executive Directors and four independent non-executive Directors. For more information, see "Directors and Senior Management." Our Directors consider that the Board and senior management of our Company are capable of functioning independently of the Controlling Shareholders for the following reasons:

(i) our Group's daily management and operations are carried out by a senior management team, all of whom have substantial experiences in the industry in which our Company is engaged as detailed in "Directors and Senior Management," and will therefore be able to make business decisions that are in the best interest of our Group;

(ii) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she must act for the benefit and in the interest of our Company and the Shareholders as a whole, and not allow any conflict between his/her duties as a Director and his/her personal interests;

(iii) our Company has four independent non-executive Directors and our independent non-executive Directors individually and collectively possess the requisite knowledge and experience, and all of them will be able to provide professional and experienced advice to our Company. In conclusion, our Directors believe that the independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of the Board and protect the interest of our Company and Shareholders as a whole;

(iv) as an A-share listed company, our Company has formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shanghai Stock Exchange. Our Directors shall not vote in any Board meeting approving any contract or arrangement or any other proposal in which he/she has a material interest and shall not be counted in the quorum present at the particular Board meeting. Hence, none of our Directors will be able to influence our Board in making decisions on matters in which he or she is, or may be interested; and

(v) our Company has adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our Group's independent management. See "— Corporate Governance Measures" in this section for further information.

Based on the above, our Directors are satisfied that they are able to perform their managerial roles in our Company independently, and our Directors are of the view that our Group is capable of managing its business independently from the Controlling Shareholders after the [**REDACTED**].

Operational Independence

Our Group has full rights to make business decisions and to carry out its business independently from the Controlling Shareholders. Our Directors consider that our Company will continue to be operationally independent from the Controlling Shareholders and their respective close associates after the [**REDACTED**] on the following grounds:

(i) our Group has sufficient capital, facilities, equipment and employees to operate its business independently from the Controlling Shareholders;

(ii) our Group has independent access to its customers and suppliers;

(iii) our Group has its own administrative and corporate governance infrastructure, including its own accounting, legal and human resources departments; and

(iv) none of our Controlling Shareholders or their respective close associates have any interests in any business which competes or is likely to compete with the business of our Group.

Based on the above, our Directors believe that our Group is able to operate independently from the Controlling Shareholders.

Financial Independence

Our Group has independent internal control and accounting systems. Our Group also has an independent finance department responsible for discharging the financial management, accounting, reporting, funding and treasury function of our Group. Our Group is capable of obtaining financing from third parties, if necessary, without reliance on the Controlling Shareholders and their respective close associates.

As of the Latest Practicable Date, our Group did not have any outstanding loans granted or guaranteed by any of the Controlling Shareholders or their respective close associates to our Group.

Based on the above, our Directors are of the view that our Group is capable of carrying on its business independently from, and do not place undue reliance on, the Controlling Shareholders and their respective close associates after the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Our Company and Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of the minority Shareholders.

Our Company has adopted, among others, the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and the Controlling Shareholders:

(i) where a Board meeting is to be held for considering matters in which any Director or his/her associates have a material interest, the relevant Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective close associates have a material interest, the relevant Controlling Shareholder(s) or close associate(s) will not vote on the relevant resolutions;

(iii) our Company has established internal control mechanisms to identify connected transactions and related party transactions. Upon the [**REDACTED**], if our Company enters into connected transactions or related party transactions with the Controlling Shareholders or any of their close associates, our Company will comply with the applicable laws and regulations, including the Hong Kong Listing Rules;

(iv) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and the Controlling Shareholders and provide impartial and professional advice to protect the interests of the minority Shareholders;

(v) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by applicable laws and regulations, including the Hong Kong Listing Rules;

(vi) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;

(vii) our Company has appointed Somerley Capital Limited as the Compliance Advisor to provide advice and guidance to our Company in respect of compliance with the applicable laws and regulations, as well as the Hong Kong Listing Rules, including various requirements relating to corporate governance; and

(viii) our Company has established the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee with written terms of reference in compliance with the Hong Kong Listing Rules and the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and the Controlling Shareholders, and to protect the minority Shareholders' interests after the [**REDACTED**].

So far as the Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the following persons will have an interest or short position in the Shares and/or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued Shares of the Company.

Name of Shareholder	Nature of interest	Number and description of Shares or underlying Shares held	Shareholding as of the Latest Practicable Date		Shareholding upon completion of the [REDACTED][(1)]	
			in A Shares	in total issued share capital	in A Shares	in total issued share capital
Mr. GE Tairong	Beneficial owner[(2)]	153,752,171 A Shares	32.52%	32.52%	[REDACTED]%	[REDACTED]%
	Interest of spouse[(3)]	27,703,538 A Shares	5.86%	5.86%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation[(6)]	16,090 A Shares	0.003%	0.003%	[REDACTED]%	[REDACTED]%
Ms. CAO Meisheng . .	Beneficial owner[(4)]	21,173,378 A Shares	4.48%	4.48%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation[(5)(6)]	6,530,160 A Shares	1.38%	1.38%	[REDACTED]%	[REDACTED]%
	Interest of spouse[(3)]	153,752,171 A Shares	32.52%	32.52%	[REDACTED]%	[REDACTED]%
Mr. GE Tailiang	Beneficial owner	26,365,758 A Shares	5.58%	5.58%	[REDACTED]%	[REDACTED]%

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**]).

(2) As of the Latest Practicable Date, Mr. GE Tairong was directly interested in 153,752,171 A Shares held by him.

(3) Ms. CAO Meisheng is the wife of Mr. GE Tairong. By virtue of the SFO, Mr. GE Tairong is deemed to be interested in the A Shares that Ms. CAO Meisheng is interested in and *vice versa*.

(4) As of the Latest Practicable Date, Ms. CAO Meisheng was directly interested in 21,173,378 A Shares held by her.

(5) As of the Latest Practicable Date, Ms. CAO Meisheng was the general partner of each of Shanghai Congjiong and Shanghai Chaotai. By virtue of the SFO, Ms. CAO Meisheng is deemed to be interested in the 2,938,572 A Shares held by Shanghai Congjiong and 3,591,588 A Shares held by Shanghai Chaotai.

(6) As of the Latest Practicable Date, there were 16,090 repurchased A Shares held by the Company as treasury shares. The Controlling Shareholders who control more than one-third of the voting power at the general meetings of the Company would be taken to have an interest in such treasury shares held by the Company.

Save as disclosed above and in "Statutory and General Information" in Appendix VI to this Document, the Directors are not aware of any person who will, immediately following the [**REDACTED**] (and the [**REDACTED**] of any additional H Shares pursuant to the [**REDACTED**]), have an interest or short position in the Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of the Company was RMB472,859,968, comprising 472,859,968 A Shares of nominal value RMB1.00 each, all of which are listed on the Shanghai Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue*	[472,859,968]	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is exercised in full), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue*	[472,859,968]	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

Note:

* Including 16,090 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 0.003% of the total number of A Shares in issue as of the Latest Practicable Date.

THE SHARES

Upon the completion of the [**REDACTED**], the Shares of the Company will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of the Company. Apart from certain qualified domestic institutional investors in Chinese mainland, the qualified investors in Chinese mainland under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if the H Shares are eligible securities for that purpose) and other persons who are entitled to hold the H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons in Chinese mainland.

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese mainland and Hong Kong. The A Shares can be traded by investors in Chinese mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As the A Shares are eligible securities under the Northbound

Trading Link, they can also be traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If the H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] by [**REDACTED**] in Chinese mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

The A Shares and H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] of the A Shares and H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (H股公司境內未上市股份申請"全流通"業務指引) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for [**REDACTED**] and [**REDACTED**] on the Stock Exchange.

RANKING

The A Shares and H Shares are regarded as one class of Shares under the Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of the A Shares are to be paid by the Company in Renminbi. In addition to cash, dividends could also be distributed in the form of Shares. Holders of the H Shares will receive scrip dividends in the form of H Shares, and holders of the A Shares will receive scrip dividends in the form of A Shares.

APPROVAL FROM SHAREHOLDERS REGARDING THE [REDACTED]

The Company obtained its Shareholders' approval to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange at the general meeting of the Company held on January 15, 2026. Pursuant to such approval, among other things, (i) the proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**]% of the total issued share capital enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]); and (ii) the number of H Shares to be issued pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held on January 15, 2026.

There is no other approved [**REDACTED**] plan for the Shares except the [**REDACTED**].

GENERAL MEETINGS

For details of circumstance under which general meetings of the Company are required, see "Summary of the Articles of Association — Shareholders' Meeting" in Appendix V to this Document.

SHARE SCHEME

As of the Latest Practicable Date, the Company had one share scheme, i.e., the Stock Ownership Plan. For details of the Stock Ownership Plan, see "Statutory and General Information — Stock Ownership Plan" in Appendix VI to this Document.

You should read the following discussion and analysis with our audited consolidated financial information, included in the Accountants' Report (including the notes thereto) in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis 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. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are the global leader and pioneer in mica-based composite materials for new energy applications, distinguished by our technological innovation and industry expertise. Leveraging our robust technological innovation capabilities, customer-centric collaborative R&D and globally integrated lean manufacturing capabilities, we have established ourselves as a leading provider of high-performance mica-based composite materials and related products for the new energy sector. Leveraging our cross-sector expertise in precision processing technologies and our close alignment with customer requirements, we have successfully expanded our business from mica products into key precision structural components for robotics. See "Business — Overview".

BASIS OF PREPARATION

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 (the "**IASB**"). For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users of the Historical Financial Information. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance. The Historical Financial Information has been prepared on a going concern basis. See Note 2 to Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial position have been, and are expected to be, continuously and materially affected by a number of factors, including the following:

Specific Factors

In addition to the above-mentioned general factors, we recognize that the following specific factors, although offering significant opportunities for our business, present challenges that we must effectively address to sustain our growth and improve our results of operations:

Our Ability to Innovate and Sustain Our Technology Leadership

Our advanced technologies are fundamental to our results of operations, enabling us to deliver high-performance, reliable and customized products that meet stringent industry standards and support ongoing business growth. Our revenue growth is influenced by our ability to continuously enhance our R&D capabilities, which drive ongoing advancements in our technology and manufacturing processes. These developments enable us to deliver products that meet the evolving needs of our customers and the broader market. Backed by cutting-edge products powered by proprietary technologies, our revenue increased by 41.8% from RMB800.3 million in 2023 to RMB1,134.8 million in 2024, and then increased by 21.2% to RMB1,375.8 million in 2025. Our revenue increased by 56.9% from RMB572.5 million in the six months ended June 30, 2025 to RMB898.4 million in the six months ended June 30, 2026.

We have made substantial investments in talent, technology and R&D to improve gross margins and further enhance our competitive edge. During the Track Record Period, our research and development expenses amounted to RMB45.1 million, RMB61.3 million, RMB65.5 million, RMB26.4 million and RMB47.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 39.4%, 44.1%, 37.3%, 35.6% and 38.8% of our total operating expenditure, which included selling and marketing expenses, administrative expenses and research and development expenses for the respective periods. We expect to continue to make substantial R&D investments to keep us at the forefront of the technological trends, which enhances the competitiveness of our products.

Additionally, we believe that the ability to attract and retain a strong R&D team with relevant expertise and commercial acumen is fundamental to our long-term competitiveness. The expertise of our dedicated R&D team and our structured innovation process ensures consistent delivery of high-quality, industry-leading products that drive business growth. As of June 30, 2026, our R&D team consisted of 187 personnel, some of whom have extensive domestic or overseas working experience in reputable technology companies.

Our Ability to Maintain and Engage Customers

Our business growth is driven by our ability to expand our customer base and maintain our relationships with existing customers. We collaborate closely with our corporate customers from the early stages of product development, using an interactive co-development process to deliver highly customized mica-based insulation and fire-protection products that meet complex technical and regulatory requirements. Long-term framework agreements and integrated project management ensure our products are precisely tailored, reliable and adaptable.

Our customers primarily comprise leading NEV manufacturers and battery manufacturers. In 2023, 2024, 2025 and the six months ended June 30, 2026, our revenue from the five largest customers in each year/period during the Track Record Period was RMB333.9 million, RMB480.7 million, RMB585.1 million and RMB428.5 million, respectively, accounting for 41.7%, 42.3%, 42.5% and 47.7% of our total revenue, respectively.

Given the significant proportion of our revenue attributable to a concentrated group of major customers, the stability and strength of these customer relationships are crucial to our results of operations and future growth.

Our Ability to Expand, Commercialize and Optimize Our Product and Service Portfolio

The breadth, quality, and ongoing innovation of our product and service portfolio are fundamental to our operational performance and competitiveness. We had revenue of RMB800.3 million, RMB1,134.8 million, RMB1,375.8 million, RMB572.5 million and RMB898.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our revenue growth during the Track Record Period is mainly attributable to (i) the rapid growth of the new energy sector, which drove the overall performance growth of our customers and in turn resulted in stronger demand for our products; and (ii) our strong technological capabilities and product competitiveness, which led to continued improvement in customer satisfaction, deeper cooperation with key customers and a steadily expanding market share, and an increasing number of customers as well as customer contracts entered into by us.

By providing a comprehensive range of high-performance products, we address the evolving needs of customers across sectors such as NEVs, energy storage battery, home appliances, speciality cables, industrial equipment and robotics. Our ability to develop and commercialize tailored products strengthens customer relationships and enables us to capture opportunities in both established and emerging markets.

Our diverse and technologically advanced product portfolio underpins our ability to deliver consistent value to customers, drive revenue growth, and maintain a leading position in our core markets. Looking ahead, continued investment in product development, portfolio optimization, and customer collaboration will remain central to sustaining our operational success and supporting our long-term strategic objectives.

Our Ability to Manage Costs and Improve Operational Efficiency

While we value and encourage spending on innovation, our future profitability depends in part on our ability to control costs and improve operational efficiency. Our cost of sales primarily consists of (i) material costs, mainly representing costs for purchasing adhesive tapes and foams, mica ore, chemical raw materials; (ii) staff costs; and (iii) manufacturing costs. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales amounted to RMB518.0 million, RMB771.4 million, RMB920.4 million, RMB382.2 million and RMB592.9 million, respectively, representing 64.7%, 68.0%, 66.9%, 66.8% and 66.0% of our total revenue for the respective years/periods. We focus on deepening our collaboration with suppliers to further enhance the stability and affordability of our supply. We intend to further strengthen our integrated manufacturing capabilities by optimizing our network of self-owned production bases, enabling us to ensure stable supply, enhance production efficiency and maintain rigorous quality control while supporting the diverse and evolving needs of our customers. Our ability to effectively control our cost of sales as we scale up has affected and will continue to affect our results of operations and financial conditions.

In addition, as a result of our early efforts to develop and commercialize our products, we incurred substantial costs in R&D, sales activities and internal management. Our operating expenditure, which consists of selling and marketing expenses, administrative expenses and R&D expenses, amounted to RMB114.5 million, RMB139.0 million, RMB175.7 million, RMB74.1 million and RMB122.9 million, in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 14.3%, 12.2%, 12.8%, 12.9% and 13.7% of our total revenue for the respective years/periods. These expenses reflect our ongoing investment in business development and operational management, while the overall decreasing trend in terms of their percentages to our total revenue during the Track Record Period reflects our improved operational efficiency. We focus on enhancing cost efficiency across these areas by streamlining processes and leveraging economies of scale, with the goal of supporting long-term profitability and sustainable growth.

Our Ability to Optimize Supply Chain and Inventory Management

A stable and resilient supply chain is fundamental to our operational success. During the Track Record Period, our systematic approach to procurement, supplier management and inventory control ensured the reliable and timely supply of key materials and components, supporting our business growth and operational continuity. As our business expands and customer demand increases, we anticipate a corresponding rise in procurement volumes and supply chain complexity. To address this, we have established a standardized procurement process and maintain multiple qualified suppliers for critical materials, enabling us to mitigate supply risks and avoid overreliance on any single source. We regularly assess supplier performance based on technical capability, quality, cost competitiveness, and delivery efficiency, and enter into long-term supply agreements where appropriate.

Meanwhile, we have developed a comprehensive warehouse management system across our production sites. Integration of procurement and inventory management with our ERP systems enables automated planning, real-time tracking and efficient coordination across the supply chain. Centralized warehouse management, safety stock policies and regular inventory reviews help us optimize stock levels, minimize obsolete inventory and reduce the risk of production delays or shortages. As of December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our inventories were RMB171.0 million, RMB251.1 million, RMB378.4 million and RMB443.0 million, respectively. During the Track Record Period, we did not experience any material shortages, obsolescence or losses due to inventory damage, loss or theft, nor any material claims arising from such events.

In addition, we monitor inventory movements under the third-party warehouse arrangements on a continuous basis. Third-party warehouse operators provide us with daily reports on real-time inventory levels and movements of our products, including inbound and outbound transactions. We carry out periodic reconciliation procedures with our customers. Our sales administrative staff log into the supplier systems provided by our customers on an ad hoc basis (at least once per month) to verify information such as inbound quantities, transaction amounts (where available), and the dates of receipt. Upon completion of such reconciliation procedures and confirmation of consistency, we proceed with financial settlement. In the event of any discrepancies identified during the reconciliation process, we will communicate with the warehouse operator and the relevant customer to ascertain the reasons for such discrepancies and resolve them in a timely manner.

General Factors

Our business and results of operations are impacted by general factors affecting the development of our industry, which include:

- Macroeconomic conditions in China and globally;
- Growth and competition environment of the new energy sector;
- Relevant laws and regulations, governmental policies and initiatives affecting the new energy sector; and
- Occurrence of force majeure events, outbreak of pandemics or epidemics, acts of war, social and economic chaos and natural disasters.

Unfavorable changes and any challenges in any of these general industry conditions could affect the demand for our services and hence our results of operations.

MATERIAL ACCOUNTING POLICIES INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards and applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance. The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgment in the process of applying the accounting policies. In particular, different revenue recognition models have varying impacts on inventory turnover days. Under the consumption and reconciliation model, products delivered to customers remain as our Group's inventory until they are consumed and reconciled, which prolongs the inventory holding period and results in higher inventory turnover days. In contrast, under the sign-off model, revenue is recognized upon customer acceptance and the corresponding inventory is derecognized at that point, leading to shorter holding periods and lower inventory turnover days. For details on such estimates and judgments, see Note 5 to the Accountants' Report included in Appendix I to this Document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	800,255	1,134,764	1,375,754	572,484	898,376
Cost of sales	(517,996)	(771,356)	(920,421)	(382,240)	(592,922)
Gross profit	**282,259**	**363,408**	**455,333**	**190,244**	**305,454**
Other income, gains and losses	33,016	41,143	49,809	26,907	(9)
Selling and marketing expenses	(20,738)	(26,845)	(34,595)	(14,793)	(24,988)
Administrative expenses	(48,640)	(50,806)	(75,620)	(32,923)	(50,266)
Research and development expenses	(45,106)	(61,311)	(65,471)	(26,398)	(47,614)
Impairment losses on financial assets, net	(202)	(3,571)	(5,121)	434	(3,004)

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other expenses	(565)	(945)	(567)	(444)	(1,320)
Share of profits of an associate	–	–	4,895	–	6,033
Finance costs	(4,693)	(1,227)	(8,402)	(2,026)	(6,628)
Profit before tax	**195,331**	**259,846**	**320,261**	**141,001**	**177,658**
Income tax expenses	(23,529)	(29,596)	(37,654)	(17,261)	(21,374)
Profit for the year/period	**171,802**	**230,250**	**282,607**	**123,740**	**156,284**
Other comprehensive income/(loss):					
Items that may be reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations	123	(283)	356	(181)	(13,312)
Total comprehensive income for the year/period	**171,925**	**229,967**	**282,963**	**123,559**	**142,972**

Revenue

During the Track Record Period, we delivered revenue primarily from providing (i) mica-based composite materials and related products; and (ii) key precision structural components and related products for robots and advanced automation applications. We had revenue of RMB800.3 million, RMB1,134.8 million, RMB1,375.8 million, RMB572.5 million and RMB898.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Revenue by Product Category

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

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Mica-based composite materials and related products	**782,847**	**97.8**	**1,118,737**	**98.6**	**1,274,410**	**92.6**	**556,005**	**97.1**	**799,043**	**88.9**
Products for NEV applications	**574,627**	**71.8**	**897,803**	**79.1**	**1,063,840**	**77.3**	**458,638**	**80.1**	**697,741**	**77.7**
Thermal runaway protection insulation component product	574,333	71.8	882,540	77.8	1,046,024	76.0	457,109	79.8	609,854	67.9
Lightweight structural component	294	0.0	15,263	1.3	17,816	1.3	1,529	0.3	87,887	9.8
Products for non-NEV applications	**208,220**	**26.0**	**220,934**	**19.5**	**210,570**	**15.3**	**97,367**	**17.0**	**101,302**	**11.3**
Home appliances	112,142	14.0	120,243	10.6	105,907	7.7	47,847	8.4	50,807	5.7
Cable	52,194	6.5	57,991	5.1	60,260	4.4	31,166	5.4	26,379	2.9
Other products[(1)]	43,884	5.5	42,700	3.8	44,403	3.2	18,354	3.2	24,116	2.7
Key precision structural components and related products	**–**	**–**	**–**	**–**	**89,675**	**6.5**	**10,182**	**1.8**	**96,061**	**10.7**
Motor	–	–	–	–	571	0.0	117	0.0	634	0.1
Linear actuators	–	–	–	–	41,291	3.0	3,140	0.5	45,955	5.1

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Transmission components	–	–	–	–	35,952	2.6	5,664	1.0	36,384	4.0
Gearboxes	–	–	–	–	2,071	0.2	72	0.0	2,134	0.2
Auxiliary components	–	–	–	–	9,790	0.7	1,189	0.2	10,954	1.2
Others[(2)]	**17,408**	**2.2**	**16,027**	**1.4**	**11,669**	**0.9**	**6,297**	**1.1**	**3,272**	**0.4**
Total	**800,255**	**100.0**	**1,134,764**	**100.0**	**1,375,754**	**100.0**	**572,484**	**100.0**	**898,376**	**100.0**

Note:

(1) Other products primarily comprised revenue from mica-based products for industrial, rail transit, 3C electronics, general machinery, and other industrial applications.

(2) Others primarily comprised revenue from primary mica products and scrap sales.

Mica-based Composite Materials and Related Products

Our mica-based composite materials and related products for NEV applications primarily include thermal runaway protection insulation components and lightweight structural components. Our revenue generated from the sale of such products increased by 56.2% from RMB574.6 million in 2023 to RMB897.8 million in 2024, and increased by 18.5% to RMB1,063.8 million in 2025. Our revenue generated from the sale of such products further increased by 52.1% from RMB458.6 million in the six months ended June 30, 2025 to RMB697.7 million in the six months ended June 30, 2026.

Our mica-based composite materials and related products for non-NEV applications primarily include mica heaters, mica boards, mica rolls, and precision-machined mica components for home appliances, and mica rolls for cable. Our revenue from the sale of such products increased by 6.1% from RMB208.2 million in 2023 to RMB220.9 million in 2024, and decreased by 4.7% to RMB210.6 million in 2025. Our revenue generated from the sale of such products further increased by 4.0% from RMB97.4 million in the six months ended June 30, 2025 to RMB101.3 million in the six months ended June 30, 2026.

Key Precision Structural Components and Related Products

Our key precision structural components and related products primarily include motors, linear actuators, transmission components, gearboxes and auxiliary components. As we completed the acquisition of Dizi Precision in June 2025, and Dizi Precision is primarily engaged in the business of key precision structural components and related products, we had recorded revenue of RMB89.7 million from the sale of key precision structural components and related products in 2025. Our revenue generated from the sale of key precision structural components and related products increased significantly from RMB10.2 million in the six months ended June 30, 2025 to RMB96.1 million in the six months ended June 30, 2026, representing an increase of approximately 843.4%.

Revenue by Geographical Region

The following table sets forth a breakdown of our revenue by geographical region in absolute amounts and as a percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Chinese mainland	475,666	59.4	562,242	49.5	735,339	53.4	298,609	52.2	473,940	52.8
Europe	183,731	23.0	327,443	28.9	440,166	32.0	187,658	32.8	319,075	35.5
Americas	97,942	12.2	139,007	12.2	144,402	10.5	64,122	11.2	69,026	7.7
Asia Pacific (excluding Chinese mainland)	36,660	4.6	97,190	8.6	41,284	3.0	18,983	3.3	29,444	3.3
Others[(1)]	6,256	0.8	8,882	0.8	14,563	1.1	3,112	0.5	6,891	0.8
Total	**800,255**	**100.0**	**1,134,764**	**100.0**	**1,375,754**	**100.0**	**572,484**	**100.0**	**898,376**	**100.0**

Note:

(1) Others mainly include Middle East and Africa.

Our revenue generated from Chinese mainland and Europe increased during the Track Record Period, primarily driven by increased customer demand amid industry expansion and enhanced customer satisfaction, supported by our strong R&D capabilities and close collaboration with customers at an early stage of product development.

Our revenue generated from the Americas and Asia Pacific (excluding China) increased in 2024, mainly due to an increase in sales volume of certain key customers in these regions. However, as our key customers completed their bulk stocking for mass production in 2025, the demand for our products decreased in that period, resulting in a decrease in revenue as compared with the corresponding period in 2024.

Cost of Sales

Our cost of sales primarily consists of (i) material costs, mainly representing costs for purchasing adhesive tapes and foams, mica ore, chemical raw materials; (ii) manufacturing costs; and (iii) staff costs. Our cost of sales amounted to RMB518.0 million, RMB771.4 million, RMB920.4 million, RMB382.2 million and RMB592.9 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The following table sets forth a breakdown of our costs of sales by nature in absolute amounts and as a percentage of our total cost of sales for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Material cost	236,405	45.6	419,216	54.3	483,497	52.5	189,180	49.5	334,334	56.4
Manufacturing cost	144,427	27.9	185,264	24.0	234,620	25.5	102,985	26.9	136,350	23.0
Staff cost	122,762	23.7	138,267	17.9	178,087	19.3	76,046	19.9	99,179	16.7
Others	14,402	2.8	28,609	3.7	24,217	2.6	14,029	3.7	23,059	3.9
Total	**517,996**	**100.0**	**771,356**	**100.0**	**920,421**	**100.0**	**382,240**	**100.0**	**592,922**	**100.0**

Gross Profit

Our gross profit amounted to RMB282.3 million, RMB363.4 million, RMB455.3 million, RMB190.2 million and RMB305.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our gross profit margin was 35.3%, 32.0%, 33.1%, 33.2% and 34.0% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Gross Profit and Gross Profit Margin by Product Category

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit/Loss	Gross Margin	Gross Profit/Loss	Gross Margin	Gross Profit/Loss	Gross Margin	Gross Profit/Loss	Gross Margin	Gross Profit/Loss	Gross Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000*	*%*
Mica-based composite materials and related products	279,450	35.7	358,656	32.1	412,844	32.4	184,592	33.2	262,114	32.8
Products for NEV applications	249,357	43.4	338,664	37.7	377,414	35.5	168,319	36.7	245,887	35.2
Thermal runaway protection insulation component product	249,148	43.4	331,627	37.6	373,515	35.7	167,362	36.6	230,292	37.8
Lightweight structural component	209	70.9	7,036	46.1	3,899	21.9	957	62.6	15,595	17.7
Products for non-NEV applications	30,093	14.5	19,992	9.1	35,430	16.8	16,273	16.7	16,227	16.0
Home appliances	13,742	12.3	10,354	8.6	16,949	16.0	7,504	15.7	7,953	15.7
Cable	3,860	7.4	1,878	3.2	6,756	11.2	3,592	11.5	3,233	12.3
Other products[(1)]	12,491	28.5	7,760	18.2	11,726	26.4	5,177	28.2	5,041	20.9
Key precision structural components and related products	–	–	–	–	40,080	44.7	4,734	46.5	42,664	44.4
Motor	–	–	–	–	167	29.3	52	44.4	243	38.3
Linear actuators	–	–	–	–	18,385	44.5	1,141	36.3	20,614	44.9
Transmission Components	–	–	–	–	17,033	47.4	3,064	54.1	17,242	47.4
Gearboxes	–	–	–	–	592	28.6	39	54.2	744	34.9
Auxiliary Components	–	–	–	–	3,902	39.9	438	36.8	3,821	34.9
Others[(2)]	2,810	16.1	4,752	29.7	2,409	20.6	918	14.6	676	20.7
Total	**282,259**	**35.30**	**363,408**	**32.0**	**455,333**	**33.1**	**190,244**	**33.2**	**305,454**	**34.0**

Notes:

(1) Other products primarily comprised revenue from mica-based products for industrial, rail transit, 3C electronics, general machinery, and other industrial applications.

(2) Others primarily comprised revenue from primary mica products and scrap sales.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded a gross profit of RMB249.4 million, RMB338.7 million, RMB377.4 million, RMB168.3 million and RMB245.9 million, respectively, for selling mica-based composite materials and related products for NEV applications, with a gross profit margin of 43.4%, 37.7%, 35.5%, 36.7% and 35.2% for the same periods.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded a gross profit of RMB30.1 million, RMB20.0 million, RMB35.4 million, RMB16.3 million and RMB16.2 million, respectively, for selling mica-based composite materials and related products for non-NEV applications, with a gross profit margin of 14.5%, 9.1%, 16.8%, 16.7% and 16.0% for the same periods.

As we completed the acquisition of Dizi Precision in June 2025, and Shanghai Dizi is primarily engaged in the business of key precision structural components and related products, we recorded a gross profit of RMB455.3 million with a gross profit margin of 33.1% for 2025.

Other Income, Gains and Losses

Our other income, gains and losses primarily consisted of our (i) other income, comprising of (a) government grants and (b) bank interest income; and our (ii) gains/losses comprising of (a) fair value (losses)/gains on financial assets at fair value through profit or loss, net, (b) additional deduction for value-added tax, (c) gains on disposal of subsidiaries, (d) foreign exchange gains, net and (e) losses on disposal of items of property, plant and equipment. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded other income, gains of RMB33.0 million, RMB41.1 million, RMB49.8 million, RMB26.9 million and other income, losses of RMB9 thousand, respectively. The following table sets forth a breakdown of our other income, gains and losses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Other income										
Government grants[(1)]	15,236	46.1	12,946	31.5	17,984	36.1	10,165	[37.8]	5,021	(55,788.9)
Bank interest income	9,013	27.3	17,403	42.3	15,821	31.8	3,552	[13.2]	8,432	(93,688.9)
Others	4,941	15.0	918	2.2	336	0.7	228	[0.8]	258	(2,866.7)
Total other income	**29,190**	**88.4**	**31,267**	**76.0**	**34,141**	**68.5**	**13,945**	**[51.8]**	**13,711**	**(152,344.4)**
Gains/(Losses)										
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	(492)	(1.5)	6,625	16.1	9,550	19.2	4,902	[18.2]	3,059	(33,988.9)
Additional deduction for value-added tax	209	0.6	770	1.9	7,092	14.2	5,804	[21.6]	519	(5,766.7)
Gains on disposal of subsidiaries	–	–	–	–	1,574	3.2	–	–	–	–
Gain on lease termination	–	–	–	–	1,300	2.6	–	–	–	–
Foreign exchange gains/(losses), net	4,402	13.3	3,317	8.1	(3,660)	(7.3)	2,316	8.6	(15,908)	176,755.6
Losses on disposal of items of property, plant and equipment	(329)	(1.0)	(899)	(2.2)	(303)	(0.6)	(172)	(0.6)	(1,603)	17,811.1
Others	36	0.1	63	0.2	115	0.2	112	0.4	213	(2,366.7)
Total gains, net	**3,826**	**11.6**	**9,876**	**24.0**	**15,668**	**31.5**	**12,962**	**48.2**	**(13,720)**	**152,444.4**
Total other income, gains and losses	**33,016**	**100.0**	**41,143**	**100.0**	**49,809**	**100.0**	**26,907**	**100.0**	**(9)**	**100.0**

Note:

(1) The government grants mainly represent incentives awarded by the local governments to support our operation. There were no unfulfilled conditions or contingencies attached to these government grants.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) employee benefit costs; (ii) marketing and promotion expenses; and (iii) office and travel expenses. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded selling and marketing expenses of RMB20.7 million, RMB26.8 million, RMB34.6 million, RMB14.8 million and RMB25.0 million, respectively. The following table sets forth a breakdown of our selling and marketing expenses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Employee benefit costs	10,507	50.7	12,682	47.2	17,973	52.0	7,061	47.7	9,141	36.6
Marketing and promotion expenses	7,463	36.0	12,467	46.4	11,912	34.4	6,816	46.1	11,052	44.2
Office and travel expenses	1,974	9.5	1,421	5.3	3,007	8.7	689	4.7	1,591	6.4
Others	794	3.8	275	1.0	1,703	4.9	228	1.5	3,204	12.8
Total	**20,738**	**100.0**	**26,845**	**100.0**	**34,595**	**100.0**	**14,793**	**100.0**	**24,988**	**100.0**

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit costs; (ii) business development, office and traveling expenses; (iii) consulting service fees in relation to our business operations and corporate compliance; (iv) depreciation and amortization mainly for buildings and office premises; (v) taxes and surcharges, mainly representing corresponding taxes resulting from our general administrative operation; and (vi) share-based payments. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded administrative expenses of RMB48.6 million, RMB50.8 million, RMB75.6 million, RMB32.9 million and RMB50.3 million, respectively. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Employee benefit costs	18,195	37.4	24,496	48.2	36,476	48.2	14,245	43.3	21,623	43.0
Business development, office and traveling expenses	8,365	17.2	7,993	15.7	16,349	21.6	7,619	23.1	10,459	20.8
Consulting services	9,757	20.1	5,853	11.5	8,215	10.9	5,055	15.4	6,553	13.0
Depreciation and amortization	4,746	9.8	4,254	8.4	6,421	8.5	2,481	7.5	4,564	9.1
Taxes and surcharges	4,454	9.2	5,255	10.3	5,509	7.3	2,600	7.9	2,994	6.0
Share-based payments	1,086	2.2	1,086	2.1	1,188	1.6	543	1.6	3,238	6.4
Others	2,037	4.2	1,869	3.7	1,462	1.9	380	1.2	835	1.7
Total	**48,640**	**100.0**	**50,806**	**100.0**	**75,620**	**100.0**	**32,923**	**100.0**	**50,266**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefit costs; (ii) depreciation and amortization for our plants and R&D equipment; and (iii) material costs, mainly representing mica materials and chemical raw materials for our R&D activities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded research and development expenses of RMB45.1 million, RMB61.3 million, RMB65.5 million, RMB26.4 million and RMB47.6 million, respectively. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Material costs	31,748	70.4	45,625	74.4	44,155	67.4	17,736	67.2	33,355	70.1
Employee benefit costs	9,923	22.0	12,337	20.1	15,587	23.8	6,697	25.4	11,518	24.2
Depreciation and amortization	1,377	3.1	1,260	2.1	2,658	4.1	673	2.5	1,259	2.6
Others[(1)]	2,058	4.6	2,089	3.4	3,071	4.7	1,292	4.9	1,482	3.1
Total	**45,106**	**100.0**	**61,311**	**100.0**	**65,471**	**100.0**	**26,398**	**100.0**	**47,614**	**100.0**

Note:

(1) Others primarily include fuel and energy costs, testing fees, patent application fees and traveling expenses.

(Impairment losses)/reversal of impairment loss on financial assets, net

Our net impairment losses on financial assets are primarily related to the provision of impairment losses on trade receivables. We had net impairment losses on financial assets of RMB0.2 million in 2023 and RMB3.6 million in 2024. We had net impairment losses on financial assets of RMB5.1 million in 2025. We had reversal of impairment loss on financial assets, net of RMB0.4 million and net impairment losses on financial assets of RMB3.0 million in the six months ended June 30, 2025 and 2026, respectively.

Other Expenses

Our other expenses primarily consisted of external donations. We had other expenses of RMB0.6 million, RMB0.9 million, RMB0.6 million, RMB0.4 million and RMB1.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Share of Profits of an Associate

We acquired equity interests in Kingly Gear in 2025. As of June 30, 2026, we held approximately 15% of its issued shares. As a result, we recorded share of profits of an associate of RMB6.0 million in the six months ended June 30, 2026.

Finance Costs

Our finance costs primarily consisted of (i) interest on bank and other borrowings; (ii) interest on lease liabilities; and (iii) interest on discount on notes receivables. We had finance costs of RMB4.7 million, RMB1.2 million, RMB8.4 million, RMB2.0 million and RMB6.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The following table sets forth a breakdown of our finance costs for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Interest on bank and other borrowings	3,647	77.7	266	21.7	6,644	79.1	1,358	67.0	5,857	88.4
Interest on lease liabilities	987	21.0	961	78.3	1,758	20.9	668	33.0	771	11.6
Interest on discount on notes receivables	59	1.3	–	–	–	–	–	–	–	–
Total	**4,693**	**100.0**	**1,227**	**100.0**	**8,402**	**100.0**	**2,026**	**100.0**	**6,628**	**100.0**

Income Tax Expenses

Our effective tax rate amounted to 12.0%, 11.4%, 11.8%, 12.2% and 12.0% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. We had income tax expenses of RMB23.5 million, RMB29.6 million, RMB37.7 million, RMB17.3 million and RMB21.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. See "— Critical Accounting Policies, Judgments and Estimates — Taxation."

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities, and we were not aware of any outstanding or potential disputes with such tax authorities.

Six Months ended June 30, 2026 Compared with Six Months ended June 30, 2025

Revenue

Our total revenue increased by 56.9% from RMB572.5 million in the six months ended June 30, 2025 to RMB898.4 million in the six months ended June 30, 2026, primarily due to revenue growth from products for NEV applications and key precision structural components and related products.

Revenue by Product Category

Our revenue from the sale of products for NEV applications increased by 52.1% from RMB458.6 million in the six months ended June 30, 2025 to RMB697.7 million in the six months ended June 30, 2026, primarily due to (i) the continued rapid growth of the new energy sector, which drove the overall performance growth of our customers and in turn resulted in stronger demand for our products; in particular, (a) the sales volume of thermal runaway protection insulation components increased to approximately 10.0 thousand tons in the six months ended June 30, 2026, while the average selling price remained relatively stable; and (b) the sales volume of lightweight structural components increased significantly as the product category continued to ramp up in mass production, while the average selling price declined as production scaled up; and (ii) our strong technological capabilities and product competitiveness, including our involvement in the early stages of customers' product

development, which supported higher customer satisfaction and increased sales volumes. Revenue growth was recorded across major markets, including Chinese mainland and Europe, reflecting increased revenue from key customers.

Our revenue from the sale of products for non-NEV applications increased by 4.0% from RMB97.4 million in the six months ended June 30, 2025 to RMB101.3 million in the six months ended June 30, 2026, primarily due to generally stable demand from customers in traditional application sectors such as home appliances and cables. The growth remained modest as we continued to prioritise production resources to meet demand from new energy industry customers.

Our revenue from the sale of key precision structural components and related products increased significantly from RMB10.2 million in the six months ended June 30, 2025 to RMB96.1 million in the six months ended June 30, 2026, primarily due to the consolidation and continued ramp-up of Dizi Precision following our acquisition in June 2025, which enabled us to expand our presence in robotics-related and other precision transmission applications. As revenue from this segment was recognized only for a limited period in the six months ended June 30, 2025 after the completion of the acquisition, the period-to-period comparison reflects both a full half-year contribution in 2026 and growth in customer demand as the business scaled up.

Cost of Sales

Our cost of sales increased by 55.1% from RMB382.2 million in the six months ended June 30, 2025 to RMB592.9 million in the six months ended June 30, 2026, primarily due to the increase in our material costs, manufacturing costs and staff costs, which was generally in line with the growth of our revenue. In particular, material costs increased at a faster pace and accounted for a higher proportion of our cost of sales, primarily because a higher proportion of adhesive tapes and foams was used in customer product designs. Manufacturing costs and staff costs also increased as production volume expanded, although the increase was moderated by our continued investment in automation and production efficiency improvement.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 60.6% from RMB190.2 million in the six months ended June 30, 2025 to RMB305.5 million in the six months ended June 30, 2026. Our gross profit margin increased from 33.2% in the six months ended June 30, 2025 to 34.0% in the six months ended June 30, 2026. In particular, for products for NEV applications, the gross profit margin decreased from 36.7% in the six months ended June 30, 2025 to 35.2% in the six months ended June 30, 2026, primarily due to higher material costs associated with a higher proportion of adhesive tapes and foams used in the relevant products, as well as labor costs incurred in related processing, and, to a lesser extent, the dilution effect from the ramp-up of lightweight structural components as production scaled up and average selling prices decreased. For products for non-NEV applications, the gross profit margin remained relatively stable at 16.7% in the six months ended June 30, 2025 and 16.0% in the six months ended June 30, 2026. For key precision structural components and related products, the gross profit margin decreased from 46.5% in the six months ended June 30, 2025 to 44.4% in the six months ended June 30, 2026, primarily because revenue from such products was recognized only from June 2025 onward in the six months ended June 30, 2025. Accordingly, the gross profit margin for that period may not be directly comparable to the corresponding period in 2026.

Other Income, Gains and Losses

Our other income and gains decreased significantly from other income and gains of RMB26.9 million in the six months ended June 30, 2025 to other income and losses of RMB9 thousand in the six months ended June 30, 2026, primarily due to (i) a decrease in government grants recognized from RMB10.2 million for the six months ended June 30, 2025 to RMB5.0 million for the six months ended June 30, 2026, and (ii) a turnaround from other gains, net of RMB13.0 million to other losses, net of RMB13.7 million, mainly attributable to foreign exchange losses of RMB15.9 million as a result of exchange rate fluctuations, partially offset by (iii) an increase in bank interest income from RMB3.6 million for the six months ended June 30, 2025 to RMB8.4 million for the six months ended June 30, 2026.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 68.9% from RMB14.8 million for the six months ended June 30, 2025 to RMB25.0 million for the six months ended June 30, 2026, primarily due to (i) an increase in employee benefit expenses and marketing and promotion expenses in line with the expansion of our business scale and increase in revenue; and (ii) an increase in other selling and marketing expenses, mainly attributable to the recognition of share-based payment expenses for the six months ended June 30, 2026.

Administrative Expenses

Our administrative expenses increased by 52.7% from RMB32.9 million in the six months ended June 30, 2025 to RMB50.3 million in the six months ended June 30, 2026, primarily due to (i) an increase in employee benefit expenses in connection with our business expansion and the enlarged management scale following the acquisition of Dizi Precision; (ii) an increase in depreciation and amortization expenses mainly as a result of the increase in relevant assets; and (iii) an increase in share-based payment expenses due to newly granted incentives.

Research and Development Expenses

Our research and development expenses increased by 80.4% from RMB26.4 million in the six months ended June 30, 2025 to RMB47.6 million in the six months ended June 30, 2026, primarily due to an increase in direct materials consumed in R&D activities and employee benefit expenses as we expanded our R&D workforce and project activities alongside the growth of our business.

Impairment Losses on Financial Assets, Net

Our reversal of impairment loss on financial assets, net changed from RMB0.4 million in the six months ended June 30, 2025 to impairment losses on financial assets, net of RMB3.0 million in the six months ended June 30, 2026, primarily due to changes in the ageing profile of our financial assets and an increase in expected credit loss allowances for trade receivables and other receivables as our business scale and receivables balance increased.

Other expenses

Other expenses increased by 197.3% from RMB0.4 million in the six months ended June 30, 2025 to RMB1.3 million in the six months ended June 30, 2026, primarily due to an increase in donations and other incidental expenses.

Finance Costs

Our finance costs increased significantly from RMB2.0 million in the six months ended June 30, 2025 to RMB6.6 million in the six months ended June 30, 2026, primarily due to an increase in interest on bank and other borrowings as a result of the expansion of our borrowing scale during the period.

Income Tax Expense

Our income tax expense increased by 23.8% from RMB17.3 million in the six months ended June 30, 2025 to RMB21.4 million in the six months ended June 30, 2026, primarily due to the increase in our profit before tax during the period.

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our total revenue increased by 21.2% from RMB1,134.8 million in 2024 to RMB1,375.8 million in 2025, primarily due to revenue growth from products for NEV applications and key precision structural components and related products.

Revenue by Product Category

Our revenue from the sale of products for NEV applications increased by 18.5% from RMB897.8 million in 2024 to RMB1,063.8 million in 2025, primarily due to (i) the rapid growth of the new energy sector, which drove the overall performance growth of our customers and in turn resulted in stronger demand for our products; in particular, (a) the sales volume of thermal runaway protection insulation components increased from 14.5 thousand tons in 2024 to 17.3 thousand tons in 2025, reflecting sustained demand from the new energy vehicle and energy storage end-markets, while the average selling price remained relatively stable; and (b) the sales volume of lightweight structural components continued to grow as this relatively new product category gained broader customer acceptance, with the average selling price declining as production scaled up and per-unit development and tooling costs decreased; and (ii) our strong technological capabilities and product competitiveness, which led to continued improvement in customer satisfaction, deeper cooperation with key customers, a steadily expanding market share and an increasing number of customers as well as customer contracts entered into by us. We were involved in the early stages of the customers' product development process, such as product design, specific development and feedback and review, which leads to higher customer satisfaction as well as increased sales volumes. Correspondingly, our sales volume of products for NEV applications increased from 14,630 tons in 2024 to 17,467 tons in 2025.

Our revenue from the sale of products for non-NEV applications decreased slightly from RMB220.9 million in 2024 to RMB210.6 million in 2025, mainly due to capacity constraints and the prioritisation of production resources to meet demand from new energy industry customers, resulting in a modest decrease in sales volume of products for non-NEV applications. The prioritization of our production capacity to higher-margin products for NEV applications resulted in relatively less production capacity available for products for non-NEV applications. The sales volume and average selling price of our home appliance and cable products experienced mild fluctuations during the Track Record Period, primarily due to the mature and highly competitive nature of these markets and the high price sensitivity of a fragmented customer base.

Our revenue from the sale of key precision structural components and related products increased from nil in 2024 to RMB89.7 million in 2025, primarily attributable to our strategic acquisition of Dizi Precision, which enabled us to make an early entry into the robotics sector and establish a new growth driver.

Cost of Sales

Our cost of sales increased by 19.3% from RMB771.4 million in 2024 to RMB920.4 million in 2025, in line with increased costs of raw materials that we procured to manufacture our products and corresponding increase in staff costs and manufacturing costs in response to rising market demands.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit increased by 25.3% from RMB363.4 million in 2024 to RMB455.3 million in 2025. Our gross profit margin remained relatively stable at 32.0% in 2024 and 33.1% in 2025. In particular, for products for NEV applications, the gross profit margin remained relatively stable at 37.7% in 2024 and 35.5% in 2025 primarily due to an increase in costs mainly attributable to a higher proportion of tape and foam materials resulting in higher material costs, as well as increased labor costs incurred during the manufacturing process. For products for non-NEV applications, the gross profit margin increased from 9.1% in 2024 to 16.8% in 2025 primarily due to an increase in the average selling price in 2025, which was in line with overall market trends. As a partial offset, we recorded an increase in the gross profit margin for key precision structural components and related products from nil in 2024 to 44.7% in 2025, as we completed the acquisition of Dizi Precision in June 2025.

Other Income and Gains

Our other income and gains increased by 21.2% from RMB41.1 million in 2024 to RMB49.8 million in 2025, primarily due to (i) an increase in government grants, mainly comprising subsidies for R&D projects and incentives related to equipment upgrades; and (ii) an increase in additional deductions for value-added tax, mainly comprising tax incentives related to advanced manufacturing industries; partially offset by (i) a decrease in bank interest income as a result of a reduction in bank deposits; and (ii) a decrease in foreign exchange gains in line with the fluctuation of the exchange rate.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 28.9% from RMB26.8 million in 2024 to RMB34.6 million in 2025, primarily as a result of the increase in employee benefit costs in line with our business expansion.

Administrative Expenses

Our administrative expenses increased by 48.8% from RMB50.8 million in 2024 to RMB75.6 million in 2025, primarily due to the increase in employee benefit costs and business development, office and travelling expenses, in line with our business expansion.

Research and Development Expenses

Our research and development expenses increased by 6.8% from RMB61.3 million in 2024 to RMB65.5 million in 2025 primarily as a result of the increase in employee benefit costs in line with our business expansion.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net increased by 43.4% from RMB3.6 million in 2024 to RMB5.1 million in 2025, primarily due to (i) our revenue growth, which led to an increase in trade receivables and corresponding impairment provisions and (ii) additional trade receivables from the acquisition of Dizi.

Other expenses

Other expenses remained stable at RMB0.9 million in 2024 and RMB0.6 million in 2025.

Finance Costs

Our finance costs increased significantly from RMB1.2 million in 2024 to RMB8.4 million in 2025, primarily due to (i) an increase in bank borrowings which in turn led to higher interest expenses on bank loans in line with our increased funding requirements as our business continued to expand; and (ii) an increase in interest on lease liabilities, driven by the site rental expenses related to Dizi Precision and newly leased warehouses in Zhejiang.

Income Tax Expense

Our income tax expense increased by 27.2% from RMB29.6 million in 2024 to RMB37.7 million in 2025, primarily due to the growth of our profit.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our total revenue increased by 41.8% from RMB800.3 million in 2023 to RMB1,134.8 million in 2024, primarily due to the revenue growth from our products for NEV applications and products for non-NEV applications in line with our business expansion.

Revenue by Product Category

Our revenue from the sale of products for NEV applications increased by 56.2% from RMB574.6 million in 2023 to RMB897.8 million in 2024, primarily due to (i) the rapid growth of the new energy sector, which drove the overall performance growth of our customers and in turn resulted in stronger demand for our products; in particular, (a) the sales volume of thermal runaway protection insulation components increased from 9.8 thousand tons in 2023 to 14.5 thousand tons in 2024, reflecting rapid growth in the new energy vehicle and energy storage end-markets, while the average selling price increased as a result of a higher proportion of three-dimensional integrated molding products with greater production complexity and higher unit prices, as well as increased customer demand for tape and foam materials; and (b) the sales volume of lightweight structural components increased significantly as this new product category gained initial customer acceptance following product launch in 2023, with the average selling price declining as production scaled up and per-unit development and tooling costs decreased; and (ii) our strong technological capabilities and product competitiveness,

which led to continued improvement in customer satisfaction, deeper cooperation with key customers and a steadily expanding market share. We have adopted the approach of involving customers in the early stages of the product development process, such as product design, specific development and feedback and review, which leads to higher customer satisfaction as well as increased sales volumes. Correspondingly, our sales volume of products for NEV applications increased from 9,846 tons in 2023 to 14,630 tons in 2024.

Our revenue from the sale of products for non-NEV applications increased by 6.1% from RMB208.2 million in 2023 to RMB220.9 million in 2024, primarily due to (i) greater customer demand for our products as the home appliances and wire and cable industries expand; (ii) our strong technological capabilities and product competitiveness, which led to continued improvement in customer satisfaction, deeper cooperation with key customers and a steadily expanding market share; and (iii) an increasing number of customers as well as customer contracts entered into by us. Correspondingly, our sales volume of products for non-NEV applications increased from 9,315 tons in 2023 to 11,019 tons in 2024. The sales volume of our home appliance products increased from 5.7 thousand tons in 2023 to 6.4 thousand tons in 2024, while the average selling price experienced mild fluctuations, primarily due to the mature and highly competitive nature of these markets.

Cost of Sales

Our cost of sales increased by 48.9% from RMB518.0 million in 2023 to RMB771.4 million in 2024, due to the increased cost of raw materials that we procured to manufacture our products and the corresponding increase in staff costs and manufacturing costs, in line with our business expansion.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 28.7% from RMB282.3 million in 2023 to RMB363.4 million in 2024.

Our gross profit margin decreased from 35.3% in 2023 to 32.0% in 2024. For products for NEV applications, the gross profit margin decreased from 43.4% in 2023 to 37.7% in 2024, and for products for non-NEV applications, the gross profit margin decreased from 14.5% in 2023 to 9.1% in 2024.

The decline in the gross profit margin of our products for NEV applications was primarily attributable to significant changes in our product mix. As the product designs increasingly incorporated materials such as adhesive tapes and foams, the proportion of such materials used in our products increased substantially. As a result, the cost proportion of these materials increased, while their value-added contribution remained relatively low, leading to a higher increase in costs than revenue and thereby constraining the growth of the gross profit margin of our products for NEV applications.

The decline in the gross profit margin of products for non-NEV applications was primarily attributable to a reduction in selling prices, as we adopted more competitive pricing to respond to intensified competition in the market for home appliances and wire and cable products.

Other Income, Gains and Losses

Our other income, gains and losses increased by 24.6% from RMB33.0 million in 2023 to RMB41.1 million in 2024, primarily due to (i) an increase in bank interest income; and (ii) an increase in net fair value (losses)/gains on financial assets at fair value through profit or loss, as we raised funds from our A-share listing in 2023, resulting in higher bank deposits and financial assets.

Selling and Marketing Expenses

Our sales and marketing expenses increased by 29.4% from RMB20.7 million in 2023 to RMB26.8 million in 2024, primarily due to the increase in employee benefit costs and marketing and promotion expenses in line with our business expansion.

Administrative Expenses

Our administrative expenses increased by 4.5% from RMB48.6 million in 2023 to RMB50.8 million in 2024, primarily due to the increase in employee benefit costs, in line with our business expansion.

Research and Development Expenses

Our research and development expenses increased by 35.9% from RMB45.1 million in 2023 to RMB61.3 million in 2024, primarily due to the increase in employee benefit costs and material costs for research and development, in line with our business expansion.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets increased significantly from RMB0.2 million in 2023 to RMB3.6 million in 2024, primarily due to the substantial expansion of our business operations and revenue scale, which led to an increase in the balance of trade receivables and, consequently, a higher loss allowance for impairment of trade receivables.

Other Expenses

Our other expenses remained relatively stable at RMB0.6 million in 2023 and RMB0.9 million in 2024.

Finance Costs

Our finance costs decreased by 73.9% from RMB4.7 million in 2023 to RMB1.2 million in 2024, primarily due to a reduction in interest on bank and other borrowings, as we raised funds through our A-share listing in 2023, which enabled us to repay and reduce bank and other borrowings in 2024.

Income Tax Expenses

Our income tax expenses increased by 25.8% from RMB23.5 million in 2023 to RMB29.6 million in 2024, which is in line with the growth of our revenue.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Non-current assets				
Property, plant and equipment	404,464	473,536	615,682	709,877
Right-of-use assets	79,021	88,366	104,939	98,730
Other intangible assets	1,435	462	15,243	13,290
Interests in an associate	–	–	304,891	307,928
Goodwill	–	–	149,742	149,742
Deferred tax assets	8,128	14,580	16,596	20,003
Other non-current assets	8,680	215,032	290,121	319,902
Total non-current assets	**501,728**	**791,976**	**1,497,214**	**1,619,472**
Current assets				
Inventories	170,952	251,110	378,374	442,957
Trade and notes receivables	226,877	277,334	364,317	394,686
Prepayments and other receivables	9,387	73,169	52,847	207,799
Financial assets at fair value through profit or loss	–	220,191	434,981	378,825
Financial assets at fair value through other comprehensive income	23,255	15,402	46,232	31,361
Bank and cash balances	1,022,671	583,826	474,103	367,538
Total current assets	**1,453,142**	**1,421,032**	**1,750,854**	**1,823,166**
Liabilities				
Current liabilities				
Trade and notes payables	183,415	271,252	317,124	449,691
Amount due to a related company	–	63	–	367
Other payables and accruals	31,609	28,579	139,538	131,627
Contract liabilities	10,098	18,120	46,744	50,997
Interest-bearing bank and other borrowings	19,800	–	534,198	532,392
Lease liabilities	2,077	4,009	8,080	9,344
Derivative financial instruments	–	–	–	330
Income tax payable	7,418	5,962	11,431	9,452
Total current liabilities	**254,417**	**327,985**	**1,057,115**	**1,184,200**
Net current assets	**1,198,725**	**1,093,047**	**693,739**	**638,966**
Total assets less current liabilities	**1,700,453**	**1,885,023**	**2,190,953**	**2,258,438**

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Other payables and accruals	–	–	151	128
Lease liabilities	19,599	21,063	24,273	21,154
Deferred income	19,406	33,036	31,427	34,646
Deferred tax liabilities	6	29	2,741	1,978
Total non-current liabilities	**39,011**	**54,128**	**58,592**	**57,906**
Net assets	**1,661,442**	**1,830,895**	**2,132,361**	**2,200,532**
Capital and reserves				
Share capital	280,000	363,742	363,742	472,860
Reserves	1,381,442	1,467,153	1,673,469	1,626,476
Equity attributable to owners of the company	1,661,442	1,830,895	2,037,211	2,099,336
Non-controlling interests	–	–	95,150	101,196
Total equity	**1,661,442**	**1,830,895**	**2,132,361**	**2,200,532**

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) buildings; (ii) machinery and equipment; (iii) construction in progress; (iv) electronic devices and other equipment; (v) motor vehicles; and (vi) leasehold improvements. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	234,594	225,616	259,335	305,409
Machinery and equipment	137,435	159,500	231,392	255,100
Construction in progress	8,037	59,180	88,421	63,389
Electronic devices and other equipment	14,221	17,399	20,990	18,753
Motor vehicles	8,893	10,682	10,425	8,978
Leasehold improvements	1,284	1,159	5,119	5,013
Freehold land	–	–	–	53,235
Total	**404,464**	**473,536**	**615,682**	**709,877**

Our property, plant and equipment increased by 17.1% from RMB404.5 million in 2023 to RMB473.5 million in 2024, primarily due to (i) the increase in machinery and equipment including newly installed production lines and tools; (ii) the construction of our new manufacturing facility in Hunan in line with our business expansion; and (iii) the increase in electronic devices for R&D and manufacturing purposes. Our property, plant and equipment increased by 30.0% from RMB473.5 million in 2024 to RMB615.7 million in 2025, primarily due to (i) the construction of our new manufacturing facility in Thailand as part of our business expansion; (ii) the addition of machinery, equipment and the improvements of leasehold arising from the acquisition of Dizi Precision; and (iii) the completion and capitalisation of certain

factory buildings of Hunan Rongtai in 2025. Our property, plant and equipment increased by 15.3% from RMB615.7 million to RMB709.9 million as of June 30, 2026, primarily due to the increase in buildings and machinery and equipment, partially offset by depreciation charged during the period.

Right-of-Use Assets

Our right-of-use assets consisted of (i) office premises; and (ii) leasehold land. Our right-of-use assets increased by 11.8% from RMB79.0 million in 2023 to RMB88.4 million in 2024, primarily due to the increase in buildings for our office premises and of leasehold land in our Jiaxing plant and Yueyang plant. Our right-of-use assets further increased by 18.8% from RMB88.4 million in 2024 to RMB104.9 million in 2025, primarily due to the increase in buildings for our office premises and of leasehold land in our Jiaxing and Yueyang plants, as well as the acquisition of Dizi Precision, which is in line with our business expansion. Our right-of-use assets decreased by 5.9% from RMB104.9 million in 2025 to RMB98.7 million as of June 30, 2026, primarily due to depreciation of right-of-use assets during the period.

Other Intangible Assets

Our other intangible assets consisted of (i) patents; and (ii) software. Our other intangible assets decreased by 67.8% from RMB1.4 million in 2023 to RMB0.5 million in 2024, primarily due to the corresponding depreciation and amortization. Our other intangible assets increased from RMB0.5 million in 2024 to RMB15.2 million in 2025, primarily due to the increase of patent value arising from our acquisition of Dizi Precision. Our other intangible assets decreased by 12.8% from RMB15.2 million in 2025 to RMB13.3 million as of June 30, 2026, primarily due to the corresponding depreciation and amortization.

Interests in an Associate

Our interests in an associate were primarily in relation to (i) cost of investment, unlisted; and (ii) share of results. The following table sets forth a breakdown of our interests in an associate as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investment, unlisted	–	–	299,996	297,000
Share of results	–	–	4,895	10,928
Total	**–**	**–**	**304,891**	**307,928**

We acquired equity interests in Kingly Gear in 2025. As of June 30, 2026, we held approximately 15.0% of its issued shares. We have appointed a director (total five directors) to Kingly Gear to exercise significant influence over the operation and management of Kingly Gear. As a result, we recorded interest in an associate of nil, nil, RMB304.9 million and RMB307.9 million in 2023, 2024, 2025 and June 30, 2026.

Goodwill

We recorded goodwill of nil, nil, RMB149.7 million and RMB149.7 million in 2023, 2024, 2025 and June 30, 2026, respectively. Our goodwill was primarily in relation to our acquisition of Dizi Precision in 2025. The following table sets forth a breakdown of our goodwill as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year	–	–	–	149,742
Business combination	–	–	149,742	–
At the end of year	**–**	**–**	**149,742**	**149,742**

Impairment assessment of goodwill

The carrying amount of goodwill allocated to the group of cash-generating unit ("CGU") is as follow:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Shanghai Dizi Precision Machinery Co., Ltd. and its consolidated subsidiaries ("Dizi Precision Group")	N/A	N/A	149,742	149,742

Goodwill arising from the acquisition of Dizi Precision Group has been allocated to the key precision structural components CGU. Management performed an impairment assessment on the goodwill as of December 31, 2025 and June 30, 2026. The recoverable amount of the subsidiaries is determined based on the value in use calculations based on five-year financial budgets. The following table sets forth each key assumption of the CGU on which management has based its cash flow projections to undertake impairment testing of goodwill:

Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Approach used to determine values
Revenue annual growth rate						
– As of December 31, 2025	65.6%	21.7%	20.3%	17.7%	3.1%	Revenue annual growth rate is estimated based on past performance and management's expectations of market development.
– As of June 30, 2026	65.1%	22.4%	19.8%	17.1%	3.4%	

Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Approach used to determine values
Net margin						
– As of December 31, 2025 .	14.6%	15.6%	18.7%	21.4%	21.2%	Based on past performance and management's expectations for the future.
– As of June 30, 2026	9.5%	17.4%	18.5%	20.2%	20.8%	
Pre-tax discount rate						
– As of December 31, 2025 .			12.9%			The pre-tax discount rate was determined using a risk premium approach, based on the risk-free rate aligned with the cash flow projection period and adjusted for company-specific risk.
– As of June 30, 2026			13.4%			

Based on management's assessment on the recoverable amount of the CGU, no impairment provision was considered necessary as of December 31, 2025 and June 30, 2026.

Impact of possible changes in key assumption

Based on management's assessment on the recoverable amounts, the headroom of Dizi Precision Group as of June 30, 2026 was as follows:

	2023	2024	2025	June 30, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dizi Precision Group	N/A	N/A	25,664	22,133

For the sensitivity analysis of Dizi Precision Group conducted during the impairment review, had there been reasonably possible changes involving reduction of the revenue annual growth rate of each year during the forecast period by 1%, or a reduction of net margin rate of each year/period during the forecast period by 1%, or an increase in pre-tax discount rate by 1%, it would cause the reduction of the recoverable amount of Dizi Precision Group as follows, if one of the key assumptions was to change while other variable held constant: as of June 30, 2026, the recoverable amount would decrease by RMB700,000, RMB6,050,000 and RMB6,640,000, respectively.

Based on the above, management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGU to exceed their recoverable amounts as of June 30, 2026.

Other Non-Current Assets

Our other non-current assets mainly consisted of (i) prepayment for acquisition of property, plant and equipment; and (ii) large certificates of bank deposits. Our other non-current assets increased significantly from RMB8.7 million in 2023 to RMB215.0 million in 2024, primarily due to our purchase of large certificates of bank deposits. Our other non-current assets increased from RMB215.0 million in 2024 to RMB290.1 million in 2025.

Our other non-current assets increased from RMB290.1 million in 2025 to RMB319.9 million as of June 30, 2026, primarily due to the prepayment for investment in relation to a proposed acquisition of equity interests in a target company, partially offset by the decrease in prepayments for long-term assets as certain projects were transferred to property, plant and equipment upon completion.

Inventories

Our inventories consisted of (i) finished goods; (ii) raw materials; (iii) goods in transit; and (iv) work in progress. The following table sets forth a breakdown of inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	106,504	161,017	228,385	276,855
Raw materials	64,209	90,778	125,161	141,837
Goods in transit	10,299	21,501	28,230	32,310
Work in progress	1,995	6,970	26,784	30,716
	183,007	**280,266**	**408,560**	**481,718**
Less: provision for impairment	(12,055)	(29,156)	(30,186)	(38,761)
Total	**170,952**	**251,110**	**378,374**	**442,957**

Our inventories increased by 46.9% from RMB171.0 million in 2023 to RMB251.1 million in 2024, primarily due to the expansion of our business operations, which resulted in increased inventory reserves across all categories. Our inventories increased by 50.7% from RMB251.1 million in 2024 to RMB378.4 million in 2025, primarily due to (i) the expansion of business operations, resulting in increased inventory reserves; and (ii) our acquisition of Dizi Precision, through which we absorbed the inventories of Dizi Precision which mainly includes key precision structural components and related products. Our inventories increased by 17.1% from RMB378.4 million in 2025 to RMB443.0 million as of June 30, 2026, primarily due to increases in finished goods and raw materials to support business expansion and sales growth.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	170,588	254,903	341,080	418,320
One to two years	10,050	21,040	50,160	37,345
Over two years	2,369	4,323	17,320	26,053
Total	**183,007**	**280,266**	**408,560**	**481,718**

At the end of each period of the Track Record Period, we reviewed whether individual inventory items were obsolete or stagnant and whether their net realizable value was lower than their cost. The impairment of inventory is based on the assessment of the inventory's merchantability and its net realizable value. We made proper inventory provision in the Track Record Period and fully considered the subsequent sales.

The following table sets forth our inventory turnover days during the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	(days)	*(days)*	*(days)*	*(days)*
Inventory turnover days[(1)]	118	100	125	125

Note:

(1) Inventory turnover days for each year/period equal the average of the beginning and ending balances of inventory (net of impairment) for that year/period divided by cost of sales for that year/period and multiplied by the number of days during such periods, being 365 for a year/180 days for the period.

Our inventory turnover days decreased from 118 days in 2023 to 100 days in 2024, primarily attributable to improved inventory turnover efficiency driven by the rapid growth in our revenue, as well as the implementation of improved inventory management measures and enhanced fulfillment efficiency. Our inventory turnover days increased from 100 days in 2024 to 125 days in 2025, primarily due to (i) an increase in inventory levels to support our revenue growth and (ii) our acquisition of Dizi Precision, whose inventory turnover cycle is relatively longer, mainly as a result of its business model and operating characteristics. Dizi Precision operates a make-to-order model, with production scheduled based on customer orders and safety stock levels, and products that are typically highly customised to meet diversified customer and industry needs. As a result, we generally undertake small-batch, high-frequency and high-complexity production and delivery, which lengthens production and delivery cycles and, together with inventory build-up arising from increased revenue, contributed to the longer inventory turnover days in 2025. Our inventory turnover days remained stable at 125 days in the six months ended June 30, 2026.

As of July 31, 2026, approximately 31.3%, of our inventories as of June 30, 2026 had been sold or utilized.

Our inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and disposal. At the end of each reporting period, we review individual inventory items for obsolescence, slow movement and decline in net realizable value below cost, and make provision accordingly. We recorded impairment losses on inventories of RMB10.3 million, RMB23.8 million, RMB15.5 million and RMB17.5 million in 2023, 2024, 2025 and June 30, 2026, respectively, which we consider adequate based on our assessment. During the period from June 30, 2026 to July 31, 2026, we had not identified any indicators requiring additional impairment.

Trade and Notes Receivables

Our trade and notes receivables consisted of trade receivables and notes receivables. The following table sets forth a breakdown of our trade and note receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	238,988	290,050	382,598	415,640
Notes receivables	932	3,686	2,057	1,661
	239,920	**293,736**	**384,655**	**417,301**
Less: provision for impairment	(13,043)	(16,402)	(20,338)	(22,615)
Net carrying amount	**226,877**	**277,334**	**364,317**	**394,686**

Our trade and notes receivables increased by 22.2% from RMB226.9 million in 2023 to RMB277.3 million in 2024, increased by 31.4% from RMB277.3 million in 2024 to RMB364.3 million in 2025, and further increased by 8.3% to RMB394.7 million as of June 30, 2026 primarily due to the expansion of our business scale and the increase in sales, which resulted in higher receivables.

The following table sets forth the aging analysis of our trade receivables, as of the end of each of the Track Record Period, based on the transaction date:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	234,738	283,779	373,036	404,886
One to two years	2,526	4,519	5,246	4,196
Two to three years	1,061	279	1,864	3,760
Over three years	663	1,473	2,452	2,798
Total	**238,988**	**290,050**	**382,598**	**415,640**

During the Track Record Period, most of our trade and notes receivables were outstanding for less than one year. The following table sets forth the turnover days of our trade and notes receivables for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	(days)	*(days)*	*(days)*	*(days)*
Trade and notes receivables turnover days[(1)]	103	81	85	76

Note:

(1) Trade and notes receivables turnover days equal the average of the opening and closing balances of trade and notes receivables (net of impairment) divided by total revenue for the same year/period and multiplied by the number of days during such periods, being 365 days for a year/180 days for the period.

Our trade and notes receivables turnover days decreased from 103 days in 2023 to 81 days in 2024, primarily due to the strong creditworthiness of our customers and our ongoing efforts to strengthen receivables management. Our trade and notes receivables turnover days increased from 81 days in 2024 to 85 days in 2025, and decreased to 76 days in the six months ended June 30, 2026, as the turnover days were generally in line with the credit terms agreed with our customers. Our trade and notes receivables turnover days are generally in line with the industry average.

As of July 31, 2026, RMB147.7 million, or approximately 35.2%, of our trade and notes receivables as of June 30, 2026 had been settled.

Prepayments and Other Receivables

Our prepayments and other receivables consisted of (i) prepayments, mainly representing prepaid electricity charges, advances to suppliers for goods, and prepaid freight expenses; (ii) deposits and other receivables, mainly related to deposits and guarantees arising from leases and normal business transactions; (iii) large certificates of bank deposits; and (iv) deductible input value-added tax ("**VAT**"). The following table sets forth a breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	3,643	3,107	5,260	5,895
Deposits and other receivables	4,222	4,319	4,412	5,221
Large certificates of bank deposits	–	50,000	7,906	144,740
Deductible input value-added tax ("**VAT**")	1,941	16,379	28,154	33,616
Capitalisation of [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Prepaid corporate income tax	–	–	25	55
	9,806	**73,805**	**54,600**	**210,206**
Less: provision for impairment	(419)	(636)	(1,753)	(2,407)
Net carrying amount	**9,387**	**73,169**	**52,847**	**207,799**

Our prepayments and other receivables increased significantly from RMB9.4 million in 2023 to RMB73.2 million in 2024, primarily due to (i) our purchase of large certificates of bank deposits; and (ii) the increase in deductible input VAT arising from the growth in construction in progress. Our prepayments and other receivables decreased by 27.8% from RMB73.2 million in 2024 to RMB52.8 million in 2025, primarily due to the maturity of our large certificates of deposit. Our prepayments and other receivables increased significantly from RMB52.8 million in 2025 to RMB207.8 million as of June 30, 2026, primarily due to (i) purchases of large certificates of bank deposit; (ii) an increase in deductible input VAT arising from construction of the Thailand production base; and (iii) an increase in capitalised [**REDACTED**] in connection with the [**REDACTED**].

As of July 31, 2026, RMB8.5 million, or approximately 4.1%, of our prepayments and other receivables as of June 30, 2026 had been settled.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss mainly consisted of commercial bank's financing products, mainly including structured deposits and large-denomination negotiable certificates of deposit. Our financial assets at fair value through profit or loss increased from nil in 2023 to RMB220.2 million in 2024, and then increased from RMB220.2 million in 2024 to RMB435.0 million in 2025, as a result of the adjustments in our cash management policy with an increase in short-term, low-risk and highly liquid wealth management products. Our financial assets at fair value through profit or loss decreased by 12.9% from RMB435.0 million in 2025 to RMB378.8 million as of June 30, 2026, primarily due to a decrease in structured deposits and other low-risk wealth management products held for cash management purposes. We have implemented internal policies on purchase and management of wealth management products. Our finance department monitors daily cash balances and initiates investment proposals when excess funds are identified. The investment decisions are made on a case-by-case basis after careful consideration of a number of factors, such as general market conditions, credit of the commercial banks, our cash flow performance and the expected profit or potential loss of the investments. Each investment must be approved by both our General Manager and Finance Director before execution who has robust experience in corporate governance and investment. See "Directors and Senior Management — Senior Management." To the extent that any such investment constitutes a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements thereunder, including the applicable announcement, reporting and/or shareholders' approval requirements.

Financial Assets at Fair Value Through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income consisted of notes receivables, carried at fair value through other comprehensive income. Our financial assets at fair value through other comprehensive income decreased from RMB23.3 million in 2023 to RMB15.4 million in 2024, primarily due to the collection of payments upon the maturity of notes receivables carried at FVTOCI; our financial assets at fair value through other comprehensive income increased from RMB15.4 million in 2024 to RMB46.2 million in 2025, primarily due to the increase of related notes receivables carried at FVTOCI in line with our business expansion. Our financial assets at fair value through other comprehensive income decreased by 32.2% from RMB46.2 million in 2025 to RMB31.4 million as of June 30, 2026, primarily due to the collection of payments upon the maturity of notes receivables carried at FVTOCI.

Bank and Cash Balances

Our bank and cash balances amounted to RMB1,022.7 million, RMB583.8 million, RMB474.1 million and RMB367.5 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively, primarily due to adjustments in cash management policies, including the purchase of low-risk and highly liquid wealth management products, as well as the acquisitions of Dizi Precision and Kingly Gear. See "— Liquidity and Capital Resources — Cash Flow."

Trade and Notes Payables

The following table sets forth a breakdown of our trade and notes payables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	156,834	245,756	282,422	382,954
Notes payables	26,581	25,496	34,702	66,737
Total	**183,415**	**271,252**	**317,124**	**449,691**

Our trade and notes payables increased by 47.9% from RMB183.4 million in 2023 to RMB271.3 million in 2024, primarily due to the increase in trade payables to our suppliers for the raw materials related to mica-based composite materials in line with our business expansion. Our trade and notes payables increased from RMB271.3 million in 2024 to RMB317.1 million in 2025 primarily due to the increase in trade payables to our suppliers for raw materials related to precision components and mica-based composite materials in line with our business expansion. Our trade and notes payables increased by 41.8% from RMB317.1 million in 2025 to RMB449.7 million as of June 30, 2026, primarily due to higher trade and notes payables as material procurement increased with business expansion.

An aging analysis of the trade and notes payables as of the end of the Track Record Period, based on recognition date, is as follows:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	168,566	250,397	296,920	429,531
One to two years	14,542	6,481	2,307	1,374
Two to three years	247	14,236	4,429	1,218
Over three years	60	138	13,468	17,568
Total	**183,415**	**271,252**	**317,124**	**449,691**

The following table sets forth the turnover days of our trade and notes payables for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	(days)	*(days)*	*(days)*	*(days)*
Trade and notes payables turnover days[(1)]	138	108	117	116

Note:

(1) Trade and notes payables turnover days equal the average of the opening and closing balances of trade and notes payables divided by total cost of sales for the same year/period and multiplied by the number of days during such periods, being 365 days for a year/180 days for the period.

Our trade and notes payables turnover days decreased from 138 days in 2023 to 108 days in 2024, primarily due to the successful A-share listing in 2023, which enhanced our overall liquidity position and optimized our payment cycle with suppliers. Our trade and notes payables turnover days increased from 108 days in 2024 to 117 days in 2025, as the turnover days remained consistent with the credit terms agreed with our suppliers. Our trade and notes payables turnover days remained generally stable at 116 days in the six months ended June 30, 2026.

As of July 31, 2026, RMB114.2 million, or approximately 25.5%, of our trade and notes payables as of June 30, 2026 had been settled.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals represented (i) consideration payables for acquisition; (ii) payroll and welfare payables; (iii) other tax payables; (iv) other payables; and (v) interest payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liability for share repurchase under employee share scheme	–	–	55,140	54,951
Consideration payables for acquisition	–	–	36,212	24,142
Payroll and welfare payables	19,707	23,448	33,126	26,347
Other tax payables	6,477	4,501	8,290	15,724
Other payables	5,407	630	6,477	9,853
Interest payables	18	–	293	610
Total	**31,609**	**28,579**	**139,538**	**131,627**

Our other payables and accruals decreased by 9.6% from RMB31.6 million in 2023 to RMB28.6 million in 2024, primarily due to a decrease in other payables as certain government grants previously received in advance had met the relevant conditions for revenue recognition during the year. These grants helped us reduce corresponding liabilities, leading to a decrease in other payables and accruals. Our other payables and accruals increased by 388.3% from RMB28.6 million in 2024 to RMB139.5 million in 2025, primarily due to the outstanding payment arising from our acquisitions of Dizi Precision. Our other payables and accruals decreased by 5.7% from RMB139.5 million in 2025 to RMB131.6 million as of June 30, 2026, primarily due to the decrease in consideration payables for Dizi Precision following payment of the instalment, partially offset by increases in other tax payables and other payables.

As of July 31, 2026, RMB37.3 million, or approximately 28.3%, of our other payables and accruals as of June 30, 2026 had been settled.

Contract Liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Our contract liabilities increased by 79.4% from RMB10.1 million in 2023 to RMB18.1 million in 2024, increased by 158.0% from RMB18.1 million in 2024 to RMB46.7 million in 2025, and then increased by 9.1% from RMB46.7 million in 2025 to RMB51.0 million as of June 30, 2026, primarily due to a higher level of advance payments received from customers in line with our business expansion.

As of July 31, 2026, RMB9.2 million, or approximately 18.0%, of our contract liabilities as of June 30, 2026 had been recognized as revenue.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/period indicated:

	Year ended/As of December 31,			Six months ended/As of June 30,
	2023	2024	2025	2026
Revenue growth (%)	19.89	41.80	21.24	56.93
Gross profit margin (%)[(1)]	35.27	32.02	33.10	34.00
Current ratio (times)[(2)]	5.71	4.33	1.66	1.54
Quick ratio (times)[(3)]	5.04	3.57	1.30	1.17

Notes:

(1) Calculated by dividing gross profit by revenue for the year/period.

(2) Calculated by dividing current assets by current liabilities as of the end of the year/period.

(3) Calculated by dividing total current assets (excluding inventories) by total current liabilities as of the end of the year/period.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from sales of our products and equity financing. We monitor and maintain a level of bank and cash balances deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, we had bank and cash balances of RMB1,022.7 million, RMB583.8 million, RMB474.1 million, RMB367.5 million and RMB345.9 million, respectively. Going forward, we believe that our liquidity requirements will be satisfied by equity financing, including the estimated net [**REDACTED**] received from the [**REDACTED**], and potential revenue from the sale of our products. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], from the [**REDACTED**], after deducting the [**REDACTED**], fees and estimated expenses paid and payable by us in connection with the [**REDACTED**], assuming no exercise of the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), HK$[**REDACTED**] per [**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**].

Cash Flow

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cash generated from operations	234,007	229,641	296,485	118,099	274,428
Bank interest received	9,013	17,403	15,821	3,552	8,432
Income tax paid	(21,892)	(37,481)	(33,210)	(15,368)	(27,529)
Net cash generated from operating activities	221,128	209,563	279,096	106,283	255,331
Net cash used in investing activities	(54,311)	(566,990)	(834,146)	(298,742)	(247,882)
Net cash generated from/(used in) financing activities	788,486	(84,973)	446,588	197,036	(106,412)
Net increase/(decrease) in cash and cash equivalents	955,303	(442,400)	(108,462)	4,577	(98,963)
Effect of foreign exchange rate changes	196	3,555	(1,544)	(322)	(7,319)
Cash and cash equivalents at beginning of year/period	67,172	1,022,671	583,826	583,826	473,820
Cash and cash equivalents at end of year/period	**1,022,671**	**583,826**	**473,820**	**588,081**	**367,538**
Analysis of cash and cash equivalents					
Bank and cash balances	1,022,671	583,826	474,103	588,081	367,538
Restricted cash	–	–	(283)	–	–
	1,022,671	**583,826**	**473,820**	**588,081**	**367,538**

Net Cash Generated from Operating Activities

Our net cash generated from operating activities primarily represented our profit before tax for the period adjusted by (i) non-cash and non-operating items; (ii) change in operating assets and liabilities; and (iii) tax cash flows.

In the six months ended June 30, 2026, our net cash generated from operating activities was RMB255.3 million, which was due to our profit before tax of RMB177.7 million, as adjusted by (i) the non-cash and non-operating items comprising (a) depreciation of property, plant and equipment of RMB31.1 million and (b) impairment loss of inventories of RMB17.5 million, partially offset by fair value gain on financial assets at fair value through profit and loss of RMB3.1 million; (ii) changes in operating assets and liabilities comprising (a) an increase in trade and notes payables of RMB133.2 million and (b) an increase in other payables and accruals of RMB3.6 million, partially offset by (1) an increase in inventories of RMB82.1 million, (2) an increase in trade and notes receivables of RMB17.8 million and (3) an increase in other receivables, deposits and prepayments of RMB7.9 million; (iii) bank interest received of RMB8.4 million; and (iv) income tax paid of RMB27.5 million.

In 2025, our net cash generated from operating activities was RMB279.1 million which was due to our profit before tax of RMB320.3 million as adjusted by (i) non-cash and non-operating items comprising of (a) depreciation of property, plant and equipment of RMB50.6 million and (b) impairment loss of inventories of RMB15.5 million, partially offset by fair value gain on financial assets at fair value through profit and loss of RMB9.6 million; (ii) changes in operating assets and liabilities comprising of (a) change in contract liabilities of RMB27.1 million and (b) change in other payables and accruals of RMB14.7 million, partially offset by change in inventories of RMB79.8 million; (iii) bank interest received of RMB15.8 million; and (iv) income tax paid of RMB33.2 million.

In 2024, our net cash generated from operating activities was RMB209.6 million which was due to our profit before tax of RMB259.8 million as adjusted by (i) non-cash and non-operating items comprising of (a) depreciation of property, plant and equipment of RMB40.4 million and (b) impairment loss of inventories of RMB23.8 million, partially offset by bank interest income of RMB17.4 million; (ii) changes in operating assets and liabilities comprising of (a) change in trade and notes payable of RMB87.8 million and (b) change in deferred income of RMB15.0 million, partially offset by change in inventories of RMB103.9 million; (iii) bank interest received of RMB17.4 million; and (iv) income tax paid of RMB37.5 million.

In 2023, our net cash generated from operating activities was RMB221.1 million which was due to our profit before tax of RMB195.3 million as adjusted by (i) non-cash and non-operating items comprising of (a) depreciation of property, plant and equipment of RMB34.1 million and (b) impairment loss of inventories of RMB10.3 million, partially offset by bank interest income of RMB9.0 million; (ii) changes in operating assets and liabilities comprising of (a) change in other receivables, deposits and prepayments of RMB14.1 million and (b) change in trade and notes receivables of RMB9.2 million, partially offset by change in trade and notes payables of RMB24.5 million; (iii) bank interest received of RMB9.0 million; and (iv) income tax paid of RMB21.9 million.

Net Cash Used in Investing Activities

In the six months ended June 30, 2026, our net cash used in investing activities was RMB247.9 million, primarily attributable to (a) purchases of property, plant and equipment, intangible assets, and other non-current assets of RMB125.3 million and (b) purchases of time deposits and commercial bank's financing products of RMB1,074.6 million, partially offset by proceeds from time deposits and commercial bank's financing products of RMB995.9 million.

In 2025, our net cash used in investing activities was RMB834.1 million, primarily attributable to (a) purchases of time deposits and commercial bank's financing products of RMB3,919.5 million and (b) cash paid for interests in an associate of RMB300.0 million, partially offset by proceeds from time deposits and commercial financing products of RMB3,756.9 million.

In 2024, our net cash used in investing activities was RMB567.0 million, primarily attributable to (a) purchases of term deposits and commercial bank's financing products of RMB3,250.0 million and (b) purchases of property, plant and equipment, intangible assets, and other non-current assets of RMB103.7 million, partially offset by proceeds from time deposits and commercial financing products of RMB2,786.4 million.

In 2023, our net cash used in investing activities was RMB54.3 million, primarily attributable to (a) purchases of property, plant and equipment, intangible assets, and other non-current assets of RMB54.2 million and (b) settlement of foreign exchange forward of RMB0.5 million, partially offset by proceeds from disposal of property, plant and equipment, intangible assets, and other non-current assets of RMB0.4 million.

Net Cash Generated From or Used in Financing Activities

In the six months ended June 30, 2026, our net cash used in financing activities was RMB106.4 million, primarily attributable to (a) repayment of borrowings of RMB407.8 million, (b) cash paid for distribution of dividends of RMB83.7 million and (c) payments of [**REDACTED**] costs of RMB11.8 million, partially offset by borrowings raised of RMB406.8 million.

In 2025, our net cash generated from financing activities was RMB446.6 million, primarily attributable to borrowings raised of RMB675.1 million, partially offset by (a) cash paid for distribution of dividends of RMB70.7 million and (b) repayment of borrowings of RMB174.2 million.

In 2024, our net cash used in financing activities was RMB85.0 million, primarily comprising of (a) repurchase of shares of RMB22.5 million, (b) cash paid for distribution of RMB39.1 million and (c) repayment of borrowings of RMB19.8 million.

In 2023, our net cash generated from financing activities was RMB788.5 million, primarily comprising of (a) proceeds from issuance of A shares of RMB1,008.7 million and (b) borrowings raised of RMB92.6 million, partially offset by repayment of borrowings of RMB251.2 million.

Net Current Assets

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets					
Inventories	170,952	251,110	378,374	442,957	449,103
Trade and notes receivables	226,877	277,334	364,317	394,686	405,338
Prepayments and other receivables	9,387	73,169	52,847	207,799	210,837
Financial assets at fair value through profit or loss	–	220,191	434,981	378,825	365,376
Financial assets at fair value through other comprehensive income	23,255	15,402	46,232	31,361	21,599
Bank and cash balances	1,022,671	583,826	474,103	367,538	345,860
Total current assets	**1,453,142**	**1,421,032**	**1,750,854**	**1,823,166**	**1,798,113**

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current liabilities					
Trade and notes payables	183,415	271,252	317,124	449,691	433,989
Amount due to a related company	–	63	–	367	150
Other payables and accruals	31,609	28,579	139,538	131,627	125,175
Contract liabilities	10,098	18,120	46,744	50,997	49,749
Interest-bearing bank and other borrowings	19,800	–	534,198	532,392	511,007
Lease liabilities	2,077	4,009	8,080	9,344	30,192
Income tax payable	7,418	5,962	11,431	9,452	8,472
Derivative financial instruments	–	–	–	330	330
Total current liabilities	**254,417**	**327,985**	**1,057,115**	**1,184,200**	**1,159,064**
Net current assets	**1,198,725**	**1,093,047**	**693,739**	**638,966**	**639,049**

Our net current assets decreased by 8.8% from RMB1,198.7 million in 2023 to RMB1,093.0 million in 2024, primarily due to (i) the decrease in bank and cash balances attributable to our cash management policy; (ii) the increase in trade and notes payables driven by the purchase of mica-based composite materials; and (iii) an increase in acquisition payables and repurchase obligations, which were partially offset by the increase in Financial assets at fair value through profit or loss.

Our net current assets decreased by 36.5% from RMB1,093.0 million in 2024 to RMB693.7 million in 2025, primarily due to (i) the increase in interest bearing bank and other borrowings; and (ii) the decrease in bank and cash balances influenced by our cash management policy, which were partially offset by the increase in Financial assets at fair value through profit or loss.

Our net current assets decreased by 7.9% from RMB693.7 million as of December 31, 2025 to RMB639.0 million as of June 30, 2026, primarily due to (i) the increase in trade and notes payables; and (ii) the decrease in bank and cash balances, which were partially offset by the increase in prepayments and other receivables.

Our net current assets remained relatively stable at RMB639.0 million as of June 30, 2026 and RMB639.0 million as of July 31, 2026.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, our indebtedness consisted of interest-bearing bank and other borrowings and lease liabilities. As of July 31, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB541.2 million. As of July 31, 2026, we had unutilized banking facilities of RMB712.1 million.

The following table sets forth the details of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current					
Interest-bearing bank and other borrowings	19,800	–	534,198	532,392	511,007
Lease liabilities	2,077	4,009	8,080	9,344	9,381
	21,877	**4,009**	**542,278**	**541,736**	**520,388**
Non-current					
Lease liabilities	19,599	21,063	24,273	21,154	20,765
Total	**41,476**	**25,072**	**566,551**	**562,890**	**541,153**

Interest-Bearing Bank and Other Borrowings

Our interest-bearing bank borrowings decreased from RMB19.8 million as of December 31, 2023 to nil as of December 31, 2024, primarily because we completed our listing on the Shanghai Stock Exchange in 2023, which resulted in a stronger liquidity position in 2024. Our interest-bearing bank borrowings then increased from nil as of December 31, 2024 to RMB534.2 million as of December 31, 2025, primarily due to the expansion of our business and our acquisitions, which required additional borrowings to support growth. Our interest-bearing bank borrowings decreased to RMB532.4 million as of June 30, 2026, primarily due to the repayment of part of our bank borrowings. Our interest-bearing bank borrowings further decreased to RMB511.0 million as of July 31, 2026, primarily due to the repayment of part of our bank borrowings. The following table sets forth our interest-bearing bank borrowings obtained as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Bank borrowings – unsecured	19,800	–	445,000	434,724	434,750
Bank borrowings – pledged	–	–	7,028	6,979	6,789
Discounted bills	–	–	82,170	90,689	69,468
Total	**19,800**	**–**	**534,198**	**532,392**	**511,007**

As of July 31, 2026, we have unsecured bank loans of RMB434.8 million, bearing interest at the rate from 2.14% to 4.00% per annum. RMB6.8 million of bank borrowings were pledged by foreign currency deposits.

Lease Liabilities

The following table sets forth a breakdown of our lease liabilities by current and non-current portions as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current	19,599	21,063	24,273	21,154	20,765
Current	2,077	4,009	8,080	9,344	9,381
Total	**21,676**	**25,072**	**32,353**	**30,498**	**30,146**

Our lease liabilities increased by 15.7% from RMB21.7 million as of December 31, 2023 to RMB25.1 million as of December 31, 2024, and then increased to RMB32.4 million as of December 31, 2025, primarily due to the increase in our office and production facilities rental space to satisfy our business expansion needs and the acquisition of Dizi Precision. Our lease liabilities decreased to RMB30.5 million as of June 30, 2026, primarily due to ongoing lease payments during the period. Our lease liabilities further decreased to RMB30.1 million as of July 31, 2026, primarily due to the repayment of part of such liabilities.

Except for our indebtedness as disclosed above as of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured. Our Directors confirm that there has not been any material change in our indebtedness since the Latest Practicable Date up to the date of this Document.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025, June 30, 2026 and up to July 31, 2026, we did not have any material contingent liabilities as described in Note 38 to Appendix I to this Document. We are not subject to any material covenants or undertakings relating to our outstanding debts, guarantees, pledges over key assets, or other contingent obligations, and there were no breaches during the Track Record Period and up to the Latest Practicable Date. We have not experienced any difficulty in obtaining additional debt or equity financing.

COMMITMENTS

As of December 31, 2023, 2024, 2025, June 30, 2026 and up to July 31, 2026, we had commitments amounting to RMB581.8 million, RMB553.1 million, RMB398.6 million, RMB399.3 million and RMB306.5 million.

CAPITAL EXPENDITURES

The following table sets forth the details of our capital expenditures for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Purchases of property, plant and equipment, intangible assets, and other non-current assets	54,241	100.0	103,684	100.0	237,887	100.0	77,774	100.0	125,331	100.0

Our capital expenditures in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026 were RMB54.2 million, RMB103.7 million, RMB237.9 million, RMB77.8 million and RMB125.3 million, respectively. We plan to fund our planned capital expenditures primarily by using the cash on our consolidated balance sheet, cash generated from operating activities and the net [**REDACTED**] from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]."

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

For more details about our related party transactions during the Track Record Period, see Note 40 to Appendix I to this Document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK

Our principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings and cash. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade and notes receivables and trade and notes payables, which arise directly from our operations.

We also enter into derivative transactions, including forward exchange contracts. The purpose is to manage the foreign currency risk arising from our operations and our sources of finance.

The main risks arising from our financial instruments are 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 summarized below. See Note 43 to Appendix I to this Document.

Foreign Currency Risk

We have transactional exchange rate risk exposures mainly arising from sales or purchases in currencies other than the functional currencies. We have subsidiaries using USD and EUR as their functional currencies. These subsidiaries have transactions in currencies other than their functional currencies. We adopt an overall management on our foreign exchange business, and reduce our exchange rate exposures using forward foreign exchange contracts based on the market trend as necessary.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Liquidity Risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings to meet our working capital requirements.

DIVIDENDS

We currently have a formal dividend policy with pre-determined payout ratios for the three years following the listing on the Shanghai Stock Exchange, which provides that, the (i) cumulative cash dividends over any three consecutive years shall not be less than 30% of the average annual distributable profits realised over those three years, and (ii) annual cash dividends shall not be less than 10% of the distributable profits realised in that year when cash dividend conditions are met. On September 21, 2023, we declared interim dividends of RMB14.0 million to our Shareholders, which were paid on September 27, 2023. On June 12, 2024, we declared a cash dividend of RMB39.1 million to our Shareholders which were paid on June 18, 2024, and a non-cash dividend by converting capital reserves into 83,742,150 Shares. On June 11, 2025, we declared cash dividends of RMB70.7 million to our Shareholders, which were paid on June 17, 2025. On April 21, 2026, we declared a cash dividend of RMB83.7 million to our shareholders and a non-cash dividend in the form of a capital reserve conversion into 109,117,818 shares of share capital, which were paid on May 15, 2026. Any future determination to pay dividends will be made at the discretion of our Board of Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant. As advised by our PRC Legal Advisor, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including (i) cash and cash equivalents, (ii) financial assets measured at fair value through profit or loss, and (iii) the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this Document.

DISTRIBUTABLE RESERVES

As of June 30, 2026, our Company had retained earnings of RMB630.0 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

[**REDACTED**]

[**REDACTED**] consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) (based on the mid-point of the indicative [**REDACTED**] range and assuming the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] to consist of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) in sponsor and [**REDACTED**] and RMB[**REDACTED**] (HK$[**REDACTED**]) in [**REDACTED**]. Among the total [**REDACTED**], approximately RMB[**REDACTED**] (HK$[**REDACTED**]) will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining RMB[**REDACTED**] (HK$[**REDACTED**]) will be expensed in our consolidated statements of comprehensive income.

UNAUDITED [**REDACTED**] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this Document, there had been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the end date of the periods reported in Appendix I to this Document, and there is no event since June 30, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this Document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" for a detailed discussion of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], after deducting the [**REDACTED**], fees and estimated expenses paid and payable by us in connection with the [**REDACTED**], assuming no exercise of the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]).

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] of the net [**REDACTED**], will be used to expand global production capacity and build intelligent manufacturing systems, in line with our strategy to capture industry growth and enhance supply chain resilience. Part of the new capacity will be realised through the Thailand bases to serve overseas markets, while the remainder will be achieved through the expansion and intelligent upgrade of our Jiaxing production base. As of the Latest Practicable Date, our overseas and domestic capacity expansion projects are at the planning and preparatory stage. Specifically:

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**] of the net [**REDACTED**], will be used for the construction of two new production bases and the expansion of the existing processing base in Thailand. As of the Latest Practicable Date, our Thailand production base in Nong Yai was undergoing trial production. The existing Thailand base in Nong Yai has a designed annual production capacity of approximately 18,000 tonnes. Since its commencement in March 2026, the base has been in trial production. With our customers' capacity ramp-up and the launch of bulk orders for new energy composite materials and precision components, these net [**REDACTED**] will be used to expand the existing base in Thailand to support future large-scale production and stable delivery. Specifically, we plan to upgrade our existing assembly systems to enhance operational efficiency by introducing advanced automation technologies, improving production line layout and integrating digital monitoring systems.

    In addition, we also plan to construct two new production bases in Thailand, one located in Nong Yai and the other to be located in Prachinburi Province, Thailand, with a total planned land area of approximately 84,267 sq.m. As of the Latest Practicable Date, we have obtained legally valid land use right certificates for the land parcels in Nong Yai and Prachinburi, which entitle us to occupy and use such parcels for our production facilities. The formal title deeds for the same parcels are being processed for registration with the competent authorities in Thailand. The selection of these locations is based on five key considerations: (i) market demand driven by the rapid growth of global new energy and robotics sectors; (ii) the need to meet our customers' increasing demand for globalized supply chains, while aligning with and supporting our own global strategic expansion; (iii) proximity to our core customers for shorter delivery cycles and deeper supply-chain collaboration; (iv) cost optimisation through lower labour and land expenses; and (v) policy

incentives including corporate income tax exemptions and import duty waivers in Thailand. With respect to new production bases, we plan to acquire land use rights for the construction of new facilities and production lines, and purchase precision processing equipment, testing devices and automated assembly systems. Such new construction arrangements are primarily intended to support capacity deployment for new and emerging product categories and overseas markets, including mica-based composite materials and key precision structural components, especially those for robotics applications, and to align with overseas customers' supply chain layouts. In light of the relatively higher tariff and trade-related costs associated with exports of certain products from China to destination markets such as the United States, we expect overseas production to mitigate, to a certain extent, impacts on costs and delivery, while providing relatively dedicated capacity to support the expansion of our new businesses. These two new production bases and the expansion of the existing Thailand base will primarily serve our global customers. According to Frost & Sullivan, in 2025, the global market size of mica product reached RMB23.5 billion, while the global market sizes of mica product in industrial metallurgy sector, new energy sector, wire and cable sector, home appliance sector and others were RMB6.4 billion, RMB4.7 billion, RMB2.1 billion, RMB1.0 billion and RMB9.3 billion, respectively. Meanwhile, the global market size of transmission modules in the embodied intelligence sector reached RMB159.1 billion in 2025, according to Frost & Sullivan. For the details about the market overview and competitive landscape, see "Industry Overview — Overview of the Mica Product Market in the New Energy Sector", "Industry Overview — Overview of the Mica Product Market in Other Sectors" and "Industry Overview — Overview of the Transmission Module Market in Embodied Intelligence."

These investments will support the establishment of composite material production lines for mica boards, mica rolls and high-temperature insulation materials for new energy applications, as well as precision structural component lines for lead screw assemblies and automotive structural inserts. We will also recruit an aggregate of approximately 596 manufacturing personnel by 2030 to support the operation of new and upgraded facilities and ensure efficient capacity expansion. Taking into account the expected increase in production capacity by type of products, the production capacity of our mica-based composite materials and key precision structural components is expected to increase substantially after the completion of the two new production bases and the expansion of the existing Thailand base by 2030. For details, please refer to the table below. We believe such overseas production bases will strengthen our global delivery capability and enhance customer satisfaction, thereby enabling us to better serve global customers.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] of the net [**REDACTED**], will be used to expand and upgrade our production base in Jiaxing, China. This includes construction of new plants and investment in advanced equipment and automation systems for our composite material products and key precision structural components and related products, and recruitment of skilled manufacturing personnel to support such production capacity expansion. Such expansion and upgrading are primarily intended to accommodate incremental capacity for product categories that are highly aligned with our existing processes and production system, such as mica-based composite materials. By leveraging the established production lines, supporting facilities and technical team at the Jiaxing production base, we

expect to achieve a more efficient capacity ramp-up and improvements in production efficiency and product quality to meet the anticipated increase in demand. In addition, we plan to deploy capacity at the Jiaxing production base for robotics-related structural components to further optimise our product mix and enhance our domestic supply capabilities in the new energy and robotics sectors. We will also recruit an aggregate of approximately 298 manufacturing personnel by 2030. Taking into account the expected increase in production capacity by type of products, the mica-based composite materials capacity at the Jiaxing base is expected to increase to 6,300 tons per annum and the key precision structural components capacity to 1,920 thousand units per annum after the expansion and upgrade by 2030.

The following table sets forth the further breakdown of [**REDACTED**] by nature of expenditure in relation to the expansion of global production capacity:

Allocation of estimated use of [REDACTED]	Production base	Product category	Construction timeline	Expected additional annual production capacity	Expected capital expenditure requirement by year
Approx. [**REDACTED**]% or HK$[**REDACTED**]	Existing processing base in Thailand (Nong Yai) – Phase I (existing, plan to expand and upgrade) – Phase II (new)	Mica-based composite materials and related products (Phase I): – Automotive structural inserts Key precision structural components (Phase II): – Ball screws – Reducers	Phase I: June 2026 to December 2027 (expand and upgrade)[1] Phase II: October 2026 to December 2027	– Automotive structural inserts: approx. 0.6 million sets per annum – Ball screws: approx. 6.0 million pieces per annum – Reducers: approx. 0.2 million units per annum	2026: HK$[REDACTED] 2027: HK$[REDACTED] 2028: HK$[REDACTED] 2029: HK$[REDACTED] 2030: HK$[REDACTED]
	New production bases in Thailand (Prachinburi)	Mica-based composite materials and related products: – Mica boards – Mica tapes – Products for NEV applications	May 2026 to December 2028	– Mica boards: approx. 5,600 tonnes per annum – Mica tapes: approx. 2,100 tonnes per annum – Products for NEV applications: approx. 3,500 tonnes per annum[3]	
Approx. [**REDACTED**]% or HK$[**REDACTED**]	Production base in Jiaxing, China (existing, plan to expansion and upgrade)	Key precision structural components, mica-based composite materials and related products	/[2]	– Mica-based composite materials: approx. 6,300 tonnes per annum – Key precision structural components: approx. 1,920 thousand units per annum	2026: HK$[REDACTED] 2027: HK$[REDACTED] 2028: HK$[REDACTED] 2029: HK$[REDACTED] 2030: HK$[REDACTED]

Notes:

(1) The project is being constructed with our own funds currently. As the project progresses, we will continue to inject the [**REDACTED**] from the [**REDACTED**].

(2) The Jiaxing production base expansion does not have a fixed construction timeline at this stage, as our current focus is on the Thailand capacity expansion projects. The construction of the Jiaxing base will be carried out based on our actual operational needs and market conditions.

(3) We expect to increase our annual mica paper production capacity by approximately 14,000 tonnes. Such mica paper is expected to be further processed into mica boards, mica tapes and products for NEV applications as set out in the table.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] of the net [**REDACTED**], will be used for strategic investments and acquisitions to strengthen our technology capabilities and expand our business portfolio in line with our growth strategy. We intend to seek and evaluate opportunities in the new energy and robotics sectors that can generate technological complementarity or market synergy with our existing operations. In identifying and evaluating potential targets, we apply quantitative screening criteria covering operating scale, technology maturity, industry positioning and financial health, and targets failing to meet the relevant baseline thresholds would generally be excluded from further assessment. Such thresholds typically include: (i) revenue of not less than RMB100 million in the most recent year with a two-year revenue CAGR of not less than 10%; (ii) no material insolvency or material overdue indebtedness; (iii) ownership of core patents, including at least five invention patents or at least fifteen utility model patents; (iv) R&D expenses of not less than 5% of revenue in the most recent year with an R&D team of not fewer than 20 personnel; (v) a top-10 ranking in the relevant niche segment based on reputable industry sources; and (vi) net profit of not less than RMB20 million in the most recent year with a net profit margin of not less than 10%, no consecutive losses over the most recent two years, and year-on-year growth in net profit (excluding non-recurring items) of not less than 10%. For early-stage targets with strong technical barriers and high growth potential, certain scale or financial thresholds may be applied with flexibility on a case-by-case basis, subject to stringent requirements on technology maturity and strategic fit. Specifically, we will target companies that (i) possess core technological capabilities in niche areas and have experienced and stable technical teams with a focus on technologies relating to high-performance materials applications, precision manufacturing of core transmission components, and high-precision transmission control and adaptation; (ii) can significantly enhance our ability to deliver comprehensive product offerings in the new energy and robotics sectors by further strengthening our technology layout and supporting our transition towards more integrated solution capabilities across materials, core components and control and adaptation; and (iii) maintain sound financial fundamentals and possess intellectual property portfolios that are complementary to ours. Through these investments, we aim to accelerate access to advanced technologies, broaden our product offerings and reinforce our competitive advantages in high-growth markets. Our Directors believe that there are a sufficient number of potential investment or acquisition targets given that there are over 80 targets that meet our selection criteria on the market, as advised by Frost & Sullivan. As of the Latest Practicable Date, we had not identified any particular acquisition target.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] of the net [**REDACTED**], will be used to accelerate the R&D and innovation for precision components for robotics and safety structural parts for new energy applications, supporting product iteration and technology leadership. Specifically:

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**] of the net [**REDACTED**], will be used to fund our R&D initiatives. Such planned investment represents a significant increase compared to our historical R&D expenditure, primarily due to the expansion of our R&D scope from advanced insulation materials to precision structural components and robot-related key components, as well as the need to establish dedicated R&D teams and facilities and accelerate product iteration to meet evolving customer requirements and emerging application scenarios. Our R&D initiatives will focus on (i) enhancing the performance and application of our advanced materials to consolidate our

existing market position, (ii) developing precision structural components to enable our transition towards higher value-added integrated solutions with improved product reliability and margins, and (iii) extending our existing capabilities in precision manufacturing, high-temperature-resistant materials and lightweight technologies into robot-related key components to support our entry into emerging industries and diversify our revenue streams. These initiatives are expected to enhance our competitiveness by improving product performance, reliability and application breadth, enabling customised solutions to increase customer stickiness, expanding into higher value-added segments and strengthening our technological barriers, thereby supporting our long-term growth under our "new energy + robotics" strategy. This initiative will also deepen our engagement in interactive R&D with global robotics leaders, supporting their product development and expanding our presence in new application scenarios. In connection with these R&D efforts, we plan to purchase high-end precision machining equipment and advanced testing instruments to drive related projects, and recruit approximately 35 experienced engineers with over five years' working experience focusing on automotive components or robotics area to further support our R&D initiatives. These engineers are required to hold a bachelor's degree or above in mechanical engineering, automation, robotics engineering, electrical engineering, control engineering or computer science, and possess more than five years of relevant R&D experience in automotive components or robotics. The expected salary for these positions will be set at competitive market rates in the relevant countries/regions. As advised by Frost & Sullivan, there are a sufficient number of such experienced engineers that meet our selection criteria on the market.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**] of the net [**REDACTED**], will be used to fund our R&D initiatives for safety structural parts and related areas to consolidate our leadership in mica-based composite insulation materials and high-temperature safety components for NEV battery systems. These efforts will strengthen our ability to deliver customized products to global automotive OEMs by accelerating product upgrades and enhancing material performance to meet stringent safety and reliability standards. We will also invest in advanced analytical and testing instruments to further support our R&D initiatives.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] of the net [**REDACTED**], will be used to strengthen our global marketing network and enhance management effectiveness, supporting our international expansion and operational excellence. We plan to recruit approximately 33 overseas service engineers in the United States, Germany, Sweden, Singapore and Thailand to provide localized pre-sales and after-sales support and improve customer responsiveness. The overseas service engineers are required to hold a bachelor's degree or above in mechanical engineering, electronic information, electrical automation or power electronics, and possess more than three years of after-sales maintenance experience. They must be proficient in at least one foreign language (English, German or Japanese) and capable of independently resolving complex technical issues. The expected salary for these positions will be set at competitive market rates in the relevant countries/regions. As advised by Frost & Sullivan, there are a sufficient number of such overseas service engineers that meet our selection criteria on the market. We will also enhance our market visibility through participation in international exhibitions, promotional activities and technical forums. In addition, we aim to improve management efficiency across critical business processes, including supply

chain management, quality control, sales and operations, to support scalable growth and maintain strict product quality standards. To that end, we plan to recruit management professionals in Jiaxing and Southeast Asia to strengthen operational oversight and enhance production efficiency.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] of the net [**REDACTED**], will be used to supplement corporate working capital and other general uses.

If the [**REDACTED**] is set at the high end of the [**REDACTED**] range or the low end of the [**REDACTED**] range, and the [**REDACTED**] were not exercised, the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] and HK$[**REDACTED**], respectively. The net [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be: (i) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the maximum [**REDACTED**] of the indicative [**REDACTED**] range); (ii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range); and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the minimum [**REDACTED**] of the indicative [**REDACTED**] range).

To the extent our net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we will adjust our allocation of the net [**REDACTED**] for the above purposes on a *pro rata* basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

In the event of any material change to the proposed use of [**REDACTED**], we will issue an appropriate announcement in accordance with the applicable requirements under the Listing Rules.

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit the unused net [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

[**REDACTED**]

[**REDACTED**]

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The following is the text of a report set out on pages [I-1] to [I-[●]], received from the Company's independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this document.

[LOGO]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG RONGTAI ELECTRIC MATERIAL CO., LTD AND CITIC SECURITIES (HONG KONG) LTD.

Introduction

We report on the historical financial information of Zhejiang Rongtai Electric Material Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024, 2025 and 30 June 2026, the statements of financial position of the Company as at 31 December 2023, 2024, 2025 and 30 June 2026, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] 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 proposed [**REDACTED**] of H 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of 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 (the "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 Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 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 consolidated financial position of the Group as at 31 December 2023, 2024, 2025 and 30 June 2026, of the financial position of the Company as at 31 December 2023, 2024, 2025 and 30 June 2026, and of the financial performance and cash flows of the Group for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of interim 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the "Interim Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 International 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 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 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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-[●] have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by the Company and its subsidiaries in respect of the Track Record Period.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong
[●]

HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board ("IASB") and were audited by ZHONGHUI ANDA CPA Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

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 FINANCIAL POSITION OF THE GROUP

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	404,464	473,536	615,682	709,877
Right-of-use assets	*16*	79,021	88,366	104,939	98,730
Other intangible assets	*18*	1,435	462	15,243	13,290
Interests in an associate	*19*	–	–	304,891	307,928
Goodwill	*17*	–	–	149,742	149,742
Deferred tax assets	*20*	8,128	14,580	16,596	20,003
Other non-current assets	*21*	8,680	215,032	290,121	319,902
Total non-current assets		501,728	791,976	1,497,214	1,619,472
CURRENT ASSETS					
Inventories	*22*	170,952	251,110	378,374	442,957
Trade and notes receivables	*23*	226,877	277,334	364,317	394,686
Prepayments and other receivables	*24*	9,387	73,169	52,847	207,799
Financial assets at fair value through profit or loss	*25*	–	220,191	434,981	378,825
Financial assets at fair value through other comprehensive income	*26*	23,255	15,402	46,232	31,361
Bank and cash balances	*27*	1,022,671	583,826	474,103	367,538
Total current assets		1,453,142	1,421,032	1,750,854	1,823,166
CURRENT LIABILITIES					
Trade and notes payables	*28*	183,415	271,252	317,124	449,691
Amount due to related parties	*40(c)*	–	63	–	367
Other payables and accruals	*29*	31,609	28,579	139,538	131,627
Contract liabilities	*30*	10,098	18,120	46,744	50,997
Interest-bearing bank and other borrowings	*31*	19,800	–	534,198	532,392
Lease liabilities	*16*	2,077	4,009	8,080	9,344
Derivative financial instruments		–	–	–	330
Income tax payable		7,418	5,962	11,431	9,452
Total current liabilities		254,417	327,985	1,057,115	1,184,200
NET CURRENT ASSETS		1,198,725	1,093,047	693,739	638,966
TOTAL ASSETS LESS CURRENT LIABILITIES		1,700,453	1,885,023	2,190,953	2,258,438
NON-CURRENT LIABILITIES					
Other payables and accruals	*29*	–	–	151	128
Lease liabilities	*16*	19,599	21,063	24,273	21,154
Deferred income	*32*	19,406	33,036	31,427	34,646
Deferred tax liabilities	*20*	6	29	2,741	1,978
Total non-current liabilities		39,011	54,128	58,592	57,906
NET ASSETS		1,661,442	1,830,895	2,132,361	2,200,532
CAPITAL AND RESERVES					
Share capital	*33*	280,000	363,742	363,742	472,860
Reserves	*34*	1,381,442	1,467,153	1,673,469	1,626,476
Equity attributable to owners of the Company		1,661,442	1,830,895	2,037,211	2,099,336
Non-controlling interests		–	–	95,150	101,196
TOTAL EQUITY		1,661,442	1,830,895	2,132,361	2,200,532

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Notes	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*6A*	800,255	1,134,764	1,375,754	572,484	898,376
Cost of sales		(517,996)	(771,356)	(920,421)	(382,240)	(592,922)
Gross profit		282,259	363,408	455,333	190,244	305,454
Other income, gains and losses	*7*	33,016	41,143	49,809	26,907	(9)
Selling and marketing expenses		(20,738)	(26,845)	(34,595)	(14,793)	(24,988)
Administrative expenses		(48,640)	(50,806)	(75,620)	(32,923)	(50,266)
Research and development expenses		(45,106)	(61,311)	(65,471)	(26,398)	(47,614)
(Impairment losses)/reversal of impairment loss on financial assets, net		(202)	(3,571)	(5,121)	434	(3,004)
Other expenses		(565)	(945)	(567)	(444)	(1,320)
Share of profits of an associate	*19*	–	–	4,895	–	6,033
Finance costs	*8*	(4,693)	(1,227)	(8,402)	(2,026)	(6,628)
Profit before tax	*9*	195,331	259,846	320,261	141,001	177,658
Income tax expenses	*10*	(23,529)	(29,596)	(37,654)	(17,261)	(21,374)
Profit for the year/period		171,802	230,250	282,607	123,740	156,284
Other comprehensive income/(loss):						
Items that may be reclassified to profit or loss:						
Exchange differences arising on translation of foreign operations		123	(283)	356	(181)	(13,312)
Total comprehensive income for the year/period		171,925	229,967	282,963	123,559	142,972
Profit for the year/period attributable to:						
Owners of the Company		171,802	230,250	278,993	123,479	150,238
Non-controlling interests		–	–	3,614	261	6,046
		171,802	230,250	282,607	123,740	156,284
Total comprehensive income for the year/period attributable to:						
Owners of the Company		171,925	229,967	279,349	123,298	136,926
Non-controlling interests		–	–	3,614	261	6,046
		171,925	229,967	282,963	123,559	142,972
Earnings per share attributable to owners of the Company						
Basic and diluted (RMB)	*14*	0.41	0.49	0.59	0.26	0.32

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	258,584	269,222	271,431	264,824
Right-of-use assets	*16*	38,580	42,984	44,890	43,907
Other intangible assets	*18*	1,432	459	154	220
Interests in an associate	*19*	–	–	304,891	307,928
Investments in subsidiaries		79,658	79,658	489,138	586,114
Deferred tax assets	*20*	4,519	8,637	8,098	9,299
Other non-current assets	*21*	5,699	210,015	222,635	264,131
Total non-current assets		388,472	610,975	1,341,237	1,476,423
CURRENT ASSETS					
Inventories	*22*	126,626	189,838	238,650	292,765
Trade and notes receivables	*23*	237,975	413,837	360,477	410,938
Prepayments and other receivables	*24*	68,267	129,790	181,811	202,100
Financial assets at fair value through profit or loss	*25*	–	220,191	394,976	345,821
Financial assets at fair value through other comprehensive income	*26*	20,049	12,596	37,513	26,363
Bank and cash balances	*27*	1,004,689	526,254	379,131	271,935
Total current assets		1,457,606	1,492,506	1,592,558	1,549,922
CURRENT LIABILITIES					
Trade and notes payables	*28*	147,109	264,488	254,762	353,535
Other payables and accruals	*29*	27,613	28,684	123,739	111,485
Contract liabilities	*30*	10,094	18,120	89,643	60,419
Interest-bearing bank and other borrowings	*31*	19,800	–	497,170	495,581
Lease liabilities	*16*	–	1,806	3,989	5,000
Derivative financial instruments		–	–	–	330
Income tax payable		7,291	3,607	9,163	4,395
Total current liabilities		211,907	316,705	978,466	1,030,745
NET CURRENT ASSETS		1,245,699	1,175,801	614,092	519,177
TOTAL ASSETS LESS CURRENT LIABILITIES		1,634,171	1,786,776	1,955,329	1,995,600
NON-CURRENT LIABILITIES					
Lease liabilities	*16*	–	3,374	3,603	2,011
Deferred income	*32*	5,612	10,001	8,714	8,071
Deferred tax liabilities	*20*	6	29	–	–
Total non-current liabilities		5,618	13,404	12,317	10,082
NET ASSETS		1,628,553	1,773,372	1,943,012	1,985,518
CAPITAL AND RESERVES					
Share capital	*33*	280,000	363,742	363,742	472,860
Reserves	*34*	1,348,553	1,409,630	1,579,270	1,512,658
TOTAL EQUITY		1,628,553	1,773,372	1,943,012	1,985,518

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the Company					
	Share capital	Capital reserve	Exchange reserve	Statutory surplus reserve	Retained earnings	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	210,000	94,656	(118)	20,387	207,451	532,376
Profit for the year	–	–	–	–	171,802	171,802
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	123	–	–	123
Total comprehensive income for the year	–	–	123	–	171,802	171,925
Capital injection *(note 33)*	70,000	900,055	–	–	–	970,055
Transfer to statutory surplus reserve	–	–	–	15,170	(15,170)	–
Dividend declared *(note 13)*	–	–	–	–	(14,000)	(14,000)
Share based payments	–	1,086	–	–	–	1,086
At 31 December 2023	280,000	995,797	5	35,557	350,083	1,661,442

Year ended 31 December 2024

	Attributable to owners of the Company						
	Share capital	Capital reserve	Treasury share	Exchange reserve	Statutory surplus reserve	Retained earnings	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	280,000	995,797	–	5	35,557	350,083	1,661,442
Profit for the year	–	–	–	–	–	230,250	230,250
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	–	–	–	(283)	–	–	(283)
Total comprehensive income for the year	–	–	–	(283)	–	230,250	229,967
Transfer to statutory surplus reserve	–	–	–	–	20,533	(20,533)	–
Transfer to share capital *(note 33)*	83,742	(83,742)	–	–	–	–	–
Repurchase of shares *(note 34(d))*	–	–	(22,520)	–	–	–	(22,520)
Dividend declared *(note 13)*	–	–	–	–	–	(39,080)	(39,080)
Share based payments	–	1,086	–	–	–	–	1,086
At 31 December 2024	363,742	913,141	(22,520)	(278)	56,090	520,720	1,830,895

Year ended 31 December 2025

	Attributable to owners of the Company								
	Share capital	Capital reserve	Treasury share	Exchange reserve	Statutory surplus reserve	Retained earnings	Subtotal	Non-controlling interest	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	363,742	913,141	(22,520)	(278)	56,090	520,720	1,830,895	–	1,830,895
Profit for the year	–	–	–	–	–	278,993	278,993	3,614	282,607
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	356	–	–	356	–	356
Total comprehensive income for the year	–	–	–	356	–	278,993	279,349	3,614	282,963
Acquisition of subsidiaries *(note 44)*	–	–	–	–	–	–	–	94,182	94,182
Acquisition from non-controlling interest	–	(3,354)	–	–	–	–	(3,354)	(2,646)	(6,000)
Transfer to statutory surplus reserve	–	–	–	–	23,932	(23,932)	–	–	–
Repurchase of shares *(note 34(d))*	–	–	(2,515)	–	–	–	(2,515)	–	(2,515)
Transfer from treasury share	–	30,503	(30,503)	–	–	–	–	–	–
Dividend declared *(note 13)*	–	–	–	–	–	(70,732)	(70,732)	–	(70,732)
Share based payments	–	3,568	–	–	–	–	3,568	–	3,568
At 31 December 2025	363,742	943,858	(55,538)	78	80,022	705,049	2,037,211	95,150	2,132,361

Six months ended 30 June 2026

	Attributable to owners of the Company								
	Share capital	Capital reserve	Treasury share	Exchange reserve	Statutory surplus reserve	Retained earnings	Subtotal	Non-controlling interest	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	363,742	943,858	(55,538)	78	80,022	705,049	2,037,211	95,150	2,132,361
Profit for the period	–	–	–	–	–	150,238	150,238	6,046	156,284
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	(13,312)	–	–	(13,312)	–	(13,312)
Total comprehensive income for the period	–	–	–	(13,312)	–	150,238	136,926	6,046	142,972
Transfer to share capital *(note 33)*	109,118	(109,118)	–	–	–	–	–	–	–
Transfer from treasury share	–	(104)	104	–	–	–	–	–	–
Dividend declared *(note 13)*	–	–	–	–	–	(83,657)	(83,657)	–	(83,657)
Share based payments	–	8,856	–	–	–	–	8,856	–	8,856
At 30 June 2026	472,860	843,492	(55,434)	(13,234)	80,022	771,630	2,099,336	101,196	2,200,532

Six months ended 30 June 2025 (unaudited)

	Attributable to owners of the Company								
	Share capital	Capital reserve	Treasury share	Exchange reserve	Statutory surplus reserve	Retained earnings	Subtotal	Non-controlling interest	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
At 1 January 2025	363,742	913,141	(22,520)	(278)	56,090	520,720	1,830,895	–	1,830,895
Profit for the period (unaudited)	–	–	–	–	–	123,479	123,479	261	123,740
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	(181)	–	–	(181)	–	(181)
Total comprehensive income for the period	–	–	–	(181)	–	123,479	123,298	261	123,559
Acquisition of subsidiaries *(note 44)*	–	–	–	–	–	–	–	94,182	94,182
Repurchase of shares *(note 34(d))*	–	–	(2,515)	–	–	–	(2,515)	–	(2,515)
Dividend declared *(note 13)*	–	–	–	–	–	(70,732)	(70,732)	–	(70,732)
Share based payments	–	542	–	–	–	–	542	–	542
At 30 June 2025 (unaudited)	363,742	913,683	(25,035)	(459)	56,090	573,467	1,881,488	94,443	1,975,931

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash flows from operating activities						
Profit before tax		195,331	259,846	320,261	141,001	177,658
Adjustments for:						
Finance costs	*8*	4,693	1,227	8,402	2,026	6,628
Bank interest income	*7*	(9,013)	(17,403)	(15,821)	(3,552)	(8,432)
Depreciation of property, plant and equipment	*15*	34,145	40,412	50,582	22,355	31,064
Depreciation of right-of-use assets	*16*	3,706	4,262	10,300	3,702	7,785
Amortisation of other intangible assets	*18*	744	979	1,811	379	2,189
Amortisation of deferred income	*32*	(908)	(1,380)	(2,159)	(1,079)	(1,231)
Loss on disposals of property, plant and equipment	*7*	329	899	303	172	1,603
Gain on lease termination	*7*	–	–	(1,300)	–	–
Impairment losses of inventories	*9*	10,265	23,766	15,450	10,138	17,502
Impairment losses on financial assets, net	*9*	202	3,571	5,121	(434)	3,004
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	*7*	492	(6,625)	(9,550)	(4,902)	(3,059)
Gain on disposal of subsidiaries	*7*	–	–	(1,574)	–	–
Share based payment expenses	*9*	1,086	1,086	3,568	542	8,856
Share of profits of an associate		–	–	(4,895)	–	(6,033)
Operating cash flows before movements in working capital		241,072	310,640	380,499	170,348	237,534
Change in trade and notes receivables		9,174	(45,954)	(82,889)	(11,512)	(17,797)
Change in other receivables, deposits and prepayments		14,094	(39,041)	727	3,882	(7,936)
Change in inventories		(16,016)	(103,924)	(79,756)	(73,808)	(82,085)
Change in contract liabilities		5,793	8,022	27,144	20,386	4,253
Change in trade and notes payables		(24,488)	87,837	35,560	14,971	133,217
Change in other payables and accruals		538	(3,012)	14,713	(6,105)	2,792
Change in deferred income		3,840	15,010	550	–	4,450
Change in amount due to related parties		–	63	(63)	(63)	–
Cash generated from operations		234,007	229,641	296,485	118,099	274,428
Bank interest received		9,013	17,403	15,821	3,552	8,432
Income tax paid		(21,892)	(37,481)	(33,210)	(15,368)	(27,529)
NET CASH GENERATED FROM OPERATING ACTIVITIES		221,128	209,563	279,096	106,283	255,331
Cash flows from investing activities						
Purchases of property, plant and equipment, intangible assets, and other non-current assets		(54,241)	(103,684)	(237,887)	(77,774)	(125,331)
Proceeds from disposal of property, plant and equipment		422	260	176	143	239
Settlement of foreign exchange forward		(492)	–	–	–	–

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchases of time deposits and commercial bank's financing products		–	(3,250,000)	(3,919,537)	(2,061,000)	(1,074,572)
Proceeds from time deposits and commercial bank's financing products		–	2,786,434	3,756,899	1,974,345	995,856
Net cash outflow on acquisition of subsidiaries	*44*	–	–	(134,456)	(134,456)	–
Cash paid for contingent consideration	*44*	–	–	–	–	(12,070)
Net cash inflow on disposal of subsidiaries		–	–	655	–	–
Cash paid for interests in an associate		–	–	(299,996)	–	–
Cash paid for equity investments		–	–	–	–	(30,000)
Cash paid for financial assets at fair value through profit or loss (expected holding period over one year)		–	–	–	–	(5,000)
Dividends received from associates		–	–	–	–	2,996
NET CASH USED IN INVESTING ACTIVITIES		(54,311)	(566,990)	(834,146)	(298,742)	(247,882)
Cash flows from financing activities						
Borrowings raised		92,600	–	675,122	279,232	406,807
Proceeds from employee share scheme		–	–	55,140	–	–
Repayment of borrowings		(251,227)	(19,800)	(174,180)	(5,000)	(407,789)
Proceeds from issuance of A shares		1,008,715	–	–	–	–
Cash paid for distribution of dividends		(14,000)	(39,080)	(70,732)	(70,732)	(83,657)
Cash paid for interest expenses		(5,133)	(284)	(6,418)	(527)	(4,737)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repayment of lease liabilities		(3,008)	(3,289)	(16,787)	(3,422)	(4,410)
Repurchase of shares		–	(22,520)	(2,515)	(2,515)	(188)
Payments of shares from non-controlling interests		–	–	(4,199)	–	(600)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		788,486	(84,973)	446,588	197,036	(106,412)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		955,303	(442,400)	(108,462)	4,577	(98,963)
Effect of foreign exchange rate changes		196	3,555	(1,544)	(322)	(7,319)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		67,172	1,022,671	583,826	583,826	473,820
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		1,022,671	583,826	473,820	588,081	367,538
ANALYSIS OF CASH AND CASH EQUIVALENTS						
Bank and cash balances		1,022,671	583,826	474,103	588,081	367,538
Restricted cash		–	–	(283)	–	–
		1,022,671	583,826	473,820	588,081	367,538

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in the People's Republic of China (the "PRC"). The registered address and office of the Company is No. 308, Zhongxing Road, Fengqiao Town, Nanhu District, Jiaxing City, Zhejiang Province, PRC. Mr. Ge Tairong directly held 118,270,901 A shares, accounting for approximately 32.52% of the issued share capital of the Company, regarded as the largest shareholder of the Company.

During the Track Record Period, the Company and its subsidiaries (together, the "Group") were principally engaged in the research and development, manufacturing and sales of products including (i) composite materials and related products; and (ii) precision structural components and related products.

The statutory financial statements of the Company for the year ended 31 December 2023, 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Zhonghui Certified Public Accountants LLP 中匯會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

The Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

				Percentage of equity attributable to the Company										
				Directly					Indirectly					
Name	*Notes*	Place and date of registration and place of operations	Registered share capital	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	Principal activities
Hunan Rongtai New Material Technology Co., Ltd. ("Rongtai Hunan") 湖南榮泰新材料科技有限公司*	*(c)*	The PRC 3 April 2018	RMB115,000,000	100%	100%	100%	100%	100%	–	–	–	–	–	Manufacturing and sales of high-temperature mica composite insulation materials
Zhejiang Rongtai Automotive Parts Co., Ltd. ("Rongtai Automotive") 浙江榮泰汽車零部件有限公司*	*(a)*	The PRC 28 November 2018	RMB10,000,000	100%	100%	100%	100%	100%	–	–	–	–	–	Processing and sales of thermal insulation components for new energy vehicles
Jiaxing Glory New Material Technology Co., Ltd. ("Glory New Material") 嘉興市閎勞瑞新材料科技有限公司*	*(a)*	The PRC 31 December 2015	RMB500,000	100%	100%	100%	100%	100%	–	–	–	–	–	Sales of thermal insulation components for new energy vehicles
Rongtai Electric Material PTE. LTD	*(d)*	Singapore 3 June 2022	SGD1,000,000	100%	100%	100%	100%	100%	–	–	–	–	–	Trading of automotive parts and insulation and fireproofing materials
VIETNAM RONGTAI ELECTRIC MATERIAL CO., LTD ("Rongtai Vietnam")	*(e)*	Vietnam 23 November 2022	VND39,248,000,000	–	–	–	–	–	100%	100%	100%	100%	100%	Manufacturing automobile parts and accessories
GLORYMICA MEXICO ("Rongtai Mexico")	*(a)*	Mexico 13 September 2024	MXN50,000	–	–	–	–	–	–	100%	100%	100%	100%	Research and development, manufacturing and sales of parts of new energy vehicle

				Percentage of equity attributable to the Company										
				Directly					Indirectly					
Name	*Notes*	Place and date of registration and place of operations	Registered share capital	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	Principal activities
Rongtai Technology (Thailand) Company Limited ("Rongtai Thailand")	*(f)*	Thailand 9 September 2024	THB5,000,000	–	–	–	–	–	–	100%	100%	100%	100%	Manufacturing and sales of parts of new energy vehicle
Zhejiang Rongtai Intelligent Robot Co., Ltd. ("Rongtai Robotics") 浙江榮泰智能機器人有限公司*	*(a)*	The PRC 23 June 2025	RMB20,000,000	–	–	100%	100%	100%	–	–	–	–	–	Manufacturing of industrial robot
Shanghai Dizi Precision Machinery Co., Ltd. ("Dizi Precision") 上海狄兹精密機械有限公司*	*(b),(g)*	The PRC 24 September 2008	RMB89,376,100	–	–	51%	51%	51%	–	–	–	–	–	Research and development, design, manufacturing and sale of precision structural components
Shangjing High Precision Transmission Technology (Shanghai) Co., Ltd. 上井高精傳動科技(上海)有限公司*	*(g)*	The PRC 19 November 2021	RMB31,600,000	–	–	–	–	–	–	–	51%	51%	51%	Technology service
Shanghai Kaijiji Robot Co., Ltd. 上海凱吉集機器人有限公司*	*(g)*	The PRC 13 December 2021	RMB10,000,000	–	–	–	–	–	–	–	51%	51%	51%	Technology import and export
Shenzhen Kaijiji Robot Co., Ltd. 深圳凱吉集機器人有限公司*	*(g)*	The PRC 19 July 2023	RMB1,000,000	–	–	–	–	–	–	–	51%	51%	51%	Research and development of intelligent robots
Sanyang Automation Technology (Shenzhen) Co., Ltd. ("Sanyang Automation") 舢洋自動化科技(深圳)有限公司*	*(b),(g)*	The PRC 3 July 2019	RMB500,000	–	–	–	–	–	–	–	31%	31%	31%	Technical development of industrial automation equipment
Shanghai Kaimao Industrial Co., Ltd ("Shanghai Kaimao") 上海凱貿實業有限公司*	*(h)*	The PRC 3 December 2007	RMB500,000	–	–	–	–	–	–	–	–	–	–	Sales of metal materials and equipment
Shanghai Weike Precision Machinery Co., Ltd ("Shanghai Weike") 上海唯苛精密機械有限公司*	*(h)*	The PRC 5 December 2012	RMB5,000,000	–	–	–	–	–	–	–	–	–	–	Sales of mechanical equipment
Hainan Rongtai New Materials Co., Ltd. ("Rongtai Hainan") 海南榮泰新材料有限公司*	*(a)*	The PRC 13 October 2025	RMB1,000,000	–	–	100%	100%	100%	–	–	–	–	–	Sales of metal materials and equipment
RONGTAI NEW MATERIALS PTE. LTD.	*(a)*	Singapore 24 October 2025	USD1,000	–	–	–	–	–	–	–	100%	100%	100%	Wholesale trade of a variety of goods without a dominant product
Rongtai New Materials (Thailand) Company Limited	*(a),(i)*	Thailand 12 November 2025	THB4,000,000	–	–	–	–	–	–	–	100%	–	–	Sales of metal materials and insulating products

				Percentage of equity attributable to the Company										
				Directly					Indirectly					
Name	*Notes*	Place and date of registration and place of operations	Registered share capital	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	Principal activities
Hainan Dizi Robot Co., Ltd. 海南狄兹機器人有限公司	*(a),(j)*	The PRC 30 December 2025	RMB1,000,000	-	-	-	-	-	-	-	51%	51%	-	Manufacturing and sales of machine tool functional components and accessories
Zhejiang Rongtai Enterprise Management Co., Ltd. ("Rongtai Enterprise Management") 浙江榮泰企業管理有限公司*	*(a)*	The PRC 18 May 2026	RMB12,000,000	-	-	-	-	-	-	-	-	100%	100%	Enterprise management

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

Notes:

(a) No audited financial statements have been prepared for the entities for the Track Record Period, as the entities was not subject to any statutory audit requirement under the relevant rules and regulations in its jurisdictions of incorporation.

(b) The Company directly holds 51% shares of Dizi Precision and has control on Dizi Precision. Dizi Precision directly holds 60% shares of Sanyang Automation and has control on Sanyang Automation. In summary, the Company indirectly holds 31% shares of Sanyang Automation and has control on Sanyang Automation, so Sanyang Automation is classified as a subsidiary of the Company.

(c) The statutory financial statements for the year ended 31 December 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by CHANGSHA XIANGAN UNITES PUBLIC ACCOUNTANT FIRM 長沙湘安聯合會計師事務所, certified public accountants registered in PRC.

(d) The statutory financial statements for the year ended 31 December 2023 and 2024 prepared under Financial Reporting Standards in Singapore ("FRSs") were audited by FAC Assurance PAC, certified public accountants registered in Singapore.

(e) The statutory financial statements for the period ended 31 December 2023 prepared under Vietnamese Accounting Standards ("VAS") were audited by RUBIK Auditing Firm Company Limited, certified public accountants registered in Vietnam, and the statutory financial statements for the year ended 31 December 2024 prepared under PRC GAAP were audited by Zhonghui Certified Public Accountants LLP 中匯會計師事務所(特殊普通合夥), certified public accountants registered in PRC.

(f) The statutory financial statements for the year ended 31 December 2024 prepared under Financial Reporting Standards for Non-Publicly Accountable Entities were audited by Satsanan Dechasurook, certified public accountants registered in Thailand.

(g) The statutory consolidated financial statements for the year ended 31 December 2024 and 2025 prepared under PRC GAAP were audited by Zhonghui Certified Public Accountants LLP 中匯會計師事務所(特殊普通合夥), certified public accountants registered in PRC.

(h) After acquiring Dizi Precision and its subsidiaries in June 2025, the Dizi Precision sold 100% shares of the Shanghai Kaimao in July of the same year, followed by the sale of 100% shares of the Shanghai Weike in August of the same year.

(i) For business-development purposes, Rongtai New Materials (Thailand) Company Limited passed a resolution for dissolution. Liquidation was completed and deregistration procedures were completed in May 2026. The aforesaid entity has been excluded from the consolidated financial statements effective from the date of its deregistration.

(j) Hainan Dizi Robot Co., Ltd. was deregistered with effect from 1 July 2026.

All the subsidiaries of the Company are limited liability companies. All subsidiaries have adopted 31 December, as their financial year end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

2. BASIS OF PREPARATION

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 (the "IASB"). For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users of the Historical Financial Information. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on a going concern basis.

3. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the IFRS Accounting Standards issued by the IASB, which are effective for the accounting period beginning on 1 January 2026 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards which have been issued but are not yet effective:

IFRS 18	Presentation and Disclosure in Financial Statements[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]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[1]
IFRS 20	Regulatory Assets and Regulatory Liabilities[3]

1 Effective for annual periods beginning on or after 1 January 2027

2 No mandatory effective date yet determined but available for adoption

3 Effective for annual periods beginning on or after 1 January 2029

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements which, the directors of the Company anticipate, the impact will not be material.

Except as described above, the Directors anticipate that the application of the amendments to IFRS Accounting Standards will have no material impact on the Group's financial position in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards and applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and large certificates of bank deposits and contingent consideration which have been measured at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5.

Consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Track Record Period. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations (other than under common control) and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (ll) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Fair value measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based payment, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 Track Record Period.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Historical Financial Information of each of the group's entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in RMB, which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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.

The Group's main products include mica-based composite materials (such as thermal runaway protection insulation components for new energy vehicles ("NEV"), flame-retardant insulation components for small household appliances, flame-retardant insulation tapes for cables, etc.), as well as key precision structural components and related products.

Revenue from domestic sales

Revenue is recognized when the customer receives the goods and confirms acceptance.

(i) Consumption and Reconciliation Revenue Recognition Model

The consumption and reconciliation model is referred to domestically as a consignment arrangement.

Pursuant to contractual terms, upon delivery of products to the customer's designated location, the Company retains legal title to the goods and bears the related risks. The customer does not obtain ownership, bears no risk of damage, deterioration or obsolescence, and has no obligation to pay.

Revenue recognition and the Company's right to consideration arise only when the customer withdraws and consumes the products, at which point control of the products transfers to the customer. The quantity, usage and corresponding amount are subject to mutual reconciliation between the parties. Revenue is recognised only after such reconciliation is completed and confirmed, at which stage settlement and the right to receive consideration are established.

Under the consumption and reconciliation model, the Group adopts tiered reconciliation procedures to track product usage and confirm customer consumption, with corresponding control measures as follows:

– Daily logistics monitoring by third-party warehouse

The third-party warehouse submits daily reports covering real-time inventory levels and all inbound and outbound movements of the Group's products. This enables the Group to keep continuous track of product stock and flow on an ongoing basis.

– Regular financial reconciliation with customers

The Group's sales admin staff conduct reconciliation via the supplier systems provided by customers on an ad-hoc basis, with a minimum monthly review. They verify key information including customers' received quantity, amount (only quantity is accessible for certain customers) and receipt dates. Financial settlements are executed only after the reconciliation results are confirmed consistent.

– Discrepancy handling & control measures

Where any differences are identified during reconciliation, the sales team will promptly communicate with the third-party warehouse and relevant customers to investigate the root causes and rectify issues in a timely manner. The whole process ensures the accuracy of consumption data, stock records and financial settlements.

(ii) Sign-off Revenue Recognition Model

– Direct Delivery Sign-off Model

Products are delivered directly from the Company's manufacturing facilities to the customer's plant or designated location. Under this model, the Company recognises revenue based on the customer's signed delivery receipt and the corresponding sign-off date.

– Third-Party Warehouse Sign-off Model

Products are first shipped from the Company's manufacturing facilities to a third-party warehouse leased by the Company and located at the customer's plant or designated location. Subsequent deliveries to the customer are arranged based on the customer's requirements. This arrangement typically applies to large-scale customers with stringent timeliness requirements and standardised internal controls.

After the products are dispatched from the third-party warehouse, the Company recognises revenue based on the quantity of goods picked up by the customer from the third-party warehouse and the date of receipt. This arrangement is in substance a sign off revenue recognition model.

Revenue from export sales

Under trade terms such as FOB, CIF, EXW, and FCA, revenue is recognized when the products are shipped and delivered to the designated carrier, export customs procedures are completed, and the Company obtains the relevant customs declarations. Revenue is recorded based on the export bill of lading.

Under trade terms such as DAP and DDP, revenue is recognized when the products are shipped and delivered to the designated carrier, export customs procedures are completed, and the Company obtains the relevant customs declarations, followed by the customer's sign-off confirming receipt of the products.

Other income

Interest income is recognised using the effective interest method.

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).

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction progress), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of 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:

Freehold land	Not depreciated
Buildings	4.75% to 9.50%
Leasehold improvements	The shorter of remaining lease terms and 33.33%
Motor vehicles	19.00%
Machinery and equipment	9.50% to 19.00%
Electronic devices and other equipment	19.00% to 31.67%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Construction in progress includes property, plant and equipment in the course of construction for supply of services is carried at cost, less any recognised impairment loss. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Leases

Definition of 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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The 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.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Office premises	3-10 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.

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.

Short-term leases and lease of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and buildings 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 lease of low-value assets. Lease payment on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite useful 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 estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3-5 years.

Patents

Patents are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10-20 years.

Research and development expenses

All research expenses are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

All development expenses were charged to the statement of profit or loss as incurred during the Track Record Period.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants 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.

Other employee benefits

Pension schemes

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deduction of any amount already paid.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets are measured at the tax rates that are expected to apply in the period in which the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial 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.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Track Record Period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any amortisation/depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

– Financial assets at amortised cost;

– Investments at fair value through profit or loss; and

– Investments at fair value through other comprehensive income.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables and notes receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and notes payables

Trade and notes payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Derivative financial instruments

Derivatives (including contingent considerations under business combinations) are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

Share capital

Ordinary shares from owners are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the [**REDACTED**].

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

  (i) has control or joint control of the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Target Group or the Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

  (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

  (iii) Both entities 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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Dividends

Dividends are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade and notes receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing 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 (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the consuming 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 of 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 receivables is disclosed in note 23 to the Historical Financial Information.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Further details of the goodwill are set out in note 17 to the Historical Financial Information.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in downstream industries. Any write-down of inventories to net realisable value or reversal of write-down of inventories will impact on the carrying values of the inventories and the expenses of that period. Inventories will be reviewed annually for provision, if appropriate. Further details of the inventories are set out in note 22 to the Historical Financial Information.

Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

6. REVENUE AND SEGMENT INFORMATION

A. Revenue

(a) Disaggregation of revenue from contracts with customers

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Type of revenue:					
Sales of mica-based composite materials and related products	**782,847**	**1,118,737**	**1,274,410**	**556,005**	**799,043**
– Products for NEV applications	***574,627***	***897,803***	***1,063,840***	***458,638***	***697,741***
– Thermal runaway protection insulation component product	574,333	882,540	1,046,024	457,109	609,854
– Lightweight structural component	294	15,263	17,816	1,529	87,887
– Products for non-NEV applications	***208,220***	***220,934***	***210,570***	***97,367***	***101,302***
– Home appliances	112,142	120,243	105,907	47,847	50,807
– Cable	52,194	57,991	60,260	31,166	26,379
– Others	43,884	42,700	44,403	18,354	24,116
Sales of key precision structural components and related products	**–**	**–**	**89,675**	**10,182**	**96,061**
Others	**17,408**	**16,027**	**11,669**	**6,297**	**3,272**
Total	**800,255**	**1,134,764**	**1,375,754**	**572,484**	**898,376**
Timing of revenue recognition:					
Transferred at a point in time	800,255	1,134,764	1,375,754	572,484	898,376

Revenue from customers which individually contributed over 10% of the Group's revenue were as follow:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer D – Mica-based composite materials	86,219	*Note (i)*	*Note (i)*	*Note (i)*	*Note (i)*
Customer E – Mica-based composite materials	81,812	*Note (i)*	*Note (i)*	*Note (i)*	*Note (i)*
Customer A – Mica-based composite materials	*Note (i)*	140,829	189,026	87,571	Note (i)
Customer B – Mica-based composite materials	*Note (i)*	136,670	191,078	78,087	103,498
Customer H – Mica-based composite materials	*Note (i)*	*Note (i)*	*Note (i)*	*Note (i)*	103,105

Note (i) Contributed less than 10% of the Group's total revenue for the relevant years.

(b) Performance obligation

The performance obligation is satisfied upon delivery of the mica and other products, and payment is generally due within 60 to 120 days from delivery, except for new customers, where payment in advance is normally required.

All amounts of transaction prices allocated to the performance obligations of sales of goods are expected to be recognised as revenue within one year. The Group has no significant unsatisfied performance obligations arising from revenue contracts that have an original expected duration more than one year, thus management applied practical expedient under IFRS 15 and is not disclosing the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the end of each reporting period.

B. Operating segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision makers, focus on the overall results and financial position of the Group, therefore no other discrete financial information is provided other than the Group's results and financial position as a whole.

The Group originally engaged in the manufacture and sales of mica-based composite materials and related products. After acquisitions of Dizi Precision (Note 44) in April 2025, the Group has diversified into the manufacture and sales of key precision structural components and related products sector.

As at 31 December 2023, 2024, The Group had only one single operating and reportable segment and only entity-wide disclosure are presented.

As at 31 December 2025 and 30 June 2026, the Group has two reportable segments as follows:

Mica-based composite materials	–	manufacture and sales of mica-based composite materials and related products
Key precision structural components	–	manufacture and sales of key precision structural components and related products

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment assets do not include investments and deferred tax assets.

Information about reportable segment profit or loss, assets and liabilities:

	Mica-based composite materials	Key precision structural components	Total
	RMB'000	*RMB'000*	*RMB'000*
Period ended 30 June 2026			
Revenue from external customers	802,315	96,061	898,376
Inter-segment revenue	–	654	654
Segment profit	139,549	16,838	156,387
Other material items of income and expense:			
Income tax expense/(credit)	19,273	2,101	21,374
Other material non-cash items:			
Impairment of inventories	15,553	1,949	17,502
Additions to segment non-current assets*	129,245	–	129,245
As at 30 June 2026			
Segment assets	2,820,459	294,248	3,114,707
Segment liabilities	1,145,565	94,563	1,240,128

* The additions to segment non-current assets information above is based on the increase in property, plant and equipment and right-of-use assets during the Track Record Periods.

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	Mica-based composite materials	Key precision structural components	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Total revenue of reportable segments	802,315	96,715	899,030
Elimination of inter-segment revenue	–	(654)	(654)
Consolidated revenue	802,315	96,061	898,376
Profit or loss			
Total segment profit	139,549	16,838	156,387
Elimination of inter-segment profit	–	(103)	(103)
Consolidated profit for the year	139,549	16,735	156,284
Assets			
Total assets of reportable segments	2,820,459	294,248	3,114,707
Reconciliation:			
Interests in an associate			307,928
Deferred tax assets			20,003
Consolidated total assets			3,442,638
Liabilities			
Total liabilities of reportable segments	1,145,565	94,563	1,240,128
Reconciliation:			
Deferred tax liabilities			1,978
Consolidated total liabilities			1,242,106

	Mica-based composite materials	Key precision structural components	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2025			
Revenue from external customers	1,286,079	89,675	1,375,754
Inter-segment revenue	–	5,551	5,551
Segment profit	263,961	20,436	284,397
Other material items of income and expense:			
Income tax expense/(credit)	38,226	(572)	37,654
Other material non-cash items:			
Impairment of inventories	14,198	1,252	15,450
Additions to segment non-current assets*	163,943	5,144	169,087
As at 31 December 2025			
Segment assets	2,656,961	269,620	2,926,581
Segment liabilities	1,031,677	81,289	1,112,966

* The additions to segment non-current assets information above is based on the increase in property, plant and equipment and right-of-use assets during the Track Record Periods.

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	Mica-based composite materials	Key precision structural components	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Total revenue of reportable segments	1,286,079	95,226	1,381,305
Elimination of inter-segment revenue	–	(5,551)	(5,551)
Consolidated revenue	1,286,079	89,675	1,375,754
Profit or loss			
Total segment profit	263,961	20,436	284,397
Elimination of inter-segment profit	–	(1,790)	(1,790)
Consolidated profit for the year	263,961	18,646	282,607
Assets			
Total assets of reportable segments	2,656,961	269,620	2,926,581
Reconciliation:			
Interests in an associate			304,891
Deferred tax assets			16,596
Consolidated total assets			3,248,068
Liabilities			
Total liabilities of reportable segments	1,031,677	81,289	1,112,966
Reconciliation:			
Deferred tax liabilities			2,741
Consolidated total liabilities			1,115,707

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Chinese Mainland	475,666	562,242	735,339	298,609	473,940
Europe	183,731	327,443	440,166	187,658	319,075
Americas	97,942	139,007	144,402	64,122	69,026
Asia Pacific (excluding Chinese Mainland)	36,660	97,190	41,284	18,983	29,444
Others*	6,256	8,882	14,563	3,112	6,891
	800,255	1,134,764	1,375,754	572,484	898,376

* Others mainly include Middle East and Africa.

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Year ended 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chinese Mainland	462,786	543,196	1,126,636	997,477
Overseas	30,814	34,200	145,064	390,308
	493,600	577,396	1,271,700	1,387,785

The non-current asset information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

7. OTHER INCOME, GAINS AND LOSSES

An analysis of the Group's other income, gains and losses is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income					
Bank interest income	9,013	17,403	15,821	3,552	8,432
Government grants*	15,236	12,946	17,984	10,165	5,021
Others	4,941	918	336	228	258
Total other income	29,190	31,267	34,141	13,945	13,711
Gains/(losses)					
Loss on disposal of property, plant and equipment	(329)	(899)	(303)	(172)	(1,603)
Gain on lease termination	–	–	1,300	–	–
Gain on disposal of subsidiaries	–	–	1,574	–	–
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	(492)	6,625	9,550	4,902	3,059
Foreign exchange gains/(losses), net	4,402	3,317	(3,660)	2,316	(15,908)
Additional deduction of value-added tax	209	770	7,092	5,804	519
Others	36	63	115	112	213
Total gains/(losses), net	3,826	9,876	15,668	12,962	(13,720)
	33,016	41,143	49,809	26,907	(9)

* The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these government grants.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank and other borrowings	3,647	266	6,644	1,358	5,857
Interest on lease liabilities	987	961	1,758	668	771
Interest on discount on notes receivable	59	–	–	–	–
	4,693	1,227	8,402	2,026	6,628

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of inventories sold	517,996	771,356	920,421	382,240	592,922
Depreciation of property, plant and equipment	34,145	40,412	50,582	22,355	31,064
Depreciation of right-of-use assets	3,706	4,262	10,300	3,702	7,785
Amortisation of other intangible assets	744	979	1,811	379	2,189
Lease payments not included in the measurement of lease liabilities	253	331	4,336	129	2,110
Employee benefit expenses (including directors' remuneration):					
Wages, salaries and allowances	131,117	152,437	200,414	88,219	111,223
Pension scheme contributions and other social welfare	23,385	33,240	47,530	20,408	28,185
Share-based payments	1,086	1,086	3,568	542	8,856
Total employee benefit expenses	155,588	186,763	251,512	109,169	148,264
Impairment losses of inventories (included in cost of sales)	10,265	23,766	15,450	10,138	17,502
Impairment losses/(reversal of impairment losses) on:					
– Trade and notes receivables	87	3,350	3,982	(256)	2,299
– Other receivables	115	221	1,139	(178)	705
	202	3,571	5,121	(434)	3,004

10. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Under the Corporate Income Tax Law of the PRC (the "CIT"), the statutory tax rate of the Company and subsidiaries in Chinese Mainland is 25%.

The Company was qualified as High and New Technology Enterprises ("HNTE") during the Track Record Period. According to the HNTE certificate obtained in December 2022, the Company's CIT rate was 15% for the years from 2022 to 2024. The Company renewed its INTE certification in December 2025 and is eligible for a 15% preferential tax rate for the years from 2025 to 2027.

List of other corporate income tax rates applicable to the Group's subsidiaries:

Name	Countries and regions	Rates
Rongtai Hunan *(a)*	PRC	15%
Rongtai Automotive	PRC	25%
Glory New Material *(e)*	PRC	20%
Rongtai Electric Material PTE.LTD	Singapore	17%
Rongtai New Materials PTE. LTD.	Singapore	17%
Rongtai Vietnam *(d)*	Vietnam	20%
GLORYMICA MEXICO	Mexico	30%
Rongtai Technology (Thailand) Company Limited	Thailand	20%
Rongtai New Material (Thailand) Company Limited	Thailand	20%
Rongtai Robotics	PRC	25%
Dizi Precision *(b)*	PRC	15%
Shangjing High Precision Transmission Technology (Shanghai) Co., Ltd. *(c)*	PRC	15%
Shanghai Kaijiji Robot Co., Ltd. ("Shanghai Kaijiji") *(e)*	PRC	20%
Shanghai Kaijiji Automobile Technology Co., Ltd.	PRC	25%
Shenzhen Kaijiji Robot Co., Ltd. ("Shenzhen Kaijiji") *(e)*	PRC	20%
Shanghai Weike Precision Machinery Co., Ltd.	PRC	25%
Sanyang Automation *(e)*	PRC	20%
Shanghai Kaimao Industrial Co., Ltd.	PRC	25%
Hainan Rongtai New Materials Co., Ltd.	PRC	25%
Hainan Dizi Robot Co., Ltd.	PRC	25%
Rongtai Enterprise Management *(e)*	PRC	20%
Shanghai Kaijiji Robot Co., Ltd Ningde Branch	PRC	25%

(a) According to the HNTE certificate obtained in October 2023, the CIT rate of the subsidiary Rongtai Hunan was 15% for the years from 2023 to 2025.

(b) According to the HNTE certificate obtained in November 2022, the CIT rate of the subsidiary, Dizi Precision, was 15% for the years from 2022 to 2024. Dizi Precision renewed its HNTE certification in December 2025 and is eligible for a 15% preferential tax rate for the years from 2025 to 2027.

(c) According to the HNTE certificate obtained in December 2024, the CIT rate of the subsidiary Shangjing High Precision Transmission Technology (Shanghai) Co., Ltd. was 15% for the years from 2024 to 2026.

(d) According to Vietnam's Corporate Income Tax Law No. 14/VBHN-VPOH promulgated on 15 July 2020, the CIT rate of the subsidiary Vietnam Rongtai was 20%. In accordance with Vietnam's Corporate Law, Vietnam Rongtai is eligible for a tax incentive of two years of exemption and four years of a 50% reduction.

(e) Pursuant to the Notice on Implementing the Inclusive Tax Reduction Policies for Small and Micro Enterprises (Cai Shui [2019] No. 13) issued by the Ministry of Finance and the State Taxation Administration, starting from 2019, for portions of the annual taxable income of small and low-profit enterprises not exceeding RMB1 million, 25% shall be included in taxable income, and enterprise income tax shall be levied at a tax rate of 20%.

Pursuant to the Announcement on Further Implementing Preferential Enterprise Income Tax Policies for Small and Micro Enterprises (Announcement No. 13 of 2022, Ministry of Finance and State Taxation Administration), from 1 January 2022 to 31 December 2024, for portions of the annual taxable income of small and low-profit enterprises exceeding RMB1 million but not exceeding RMB 3 million, 25% shall be included in taxable income, and enterprise income tax shall be levied at a tax rate of 20%.

Pursuant to the provisions of the Announcement on Further Supporting Tax and Fee Policies for the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 of 2023, Ministry of Finance and State Taxation Administration), the policy whereby taxable income of small and low-profit enterprises is calculated at a reduced rate of 25% and enterprise income tax is levied at a tax rate of 20% shall be extended to 31 December 2027.

Subsidiaries Gelorui and Rongtai Enterprise Management, as well as sub-subsidiaries Shenzhen Kaijiji, Shanyang Automation and Shanghai Kaijiji are eligible for the aforesaid preferential policy.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current income tax – Chinese Mainland					
Charge for the year/period	23,745	34,585	37,700	16,468	23,958
Under/(over) provision in prior years/periods	–	324	(298)	(3)	–
Current income tax – Overseas					
Charge for the year/period	79	1,174	1,277	597	1,592
Over provision in prior years/periods	–	(58)	–	–	–
Deferred tax *(note 20)*	(295)	(6,429)	(1,025)	199	(4,176)
Total tax charge for the year/period	23,529	29,596	37,654	17,261	21,374

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before tax	195,331	259,846	320,261	141,001	177,658
Tax at the statutory tax rate	48,833	64,962	80,065	35,250	44,415
Effect of preferential tax rates	(19,533)	(25,985)	(32,026)	(14,100)	(17,766)
Effect of different tax rates of subsidiaries	(117)	662	26	(111)	(55)
Under/(over) provision in prior years/periods	–	266	(298)	(3)	–
Non-taxable income	–	–	(861)	–	(941)
Expenses not deductible for tax	660	253	1,047	801	448
Deductible temporary differences not recognised	758	27	611	196	348
Tax benefit for qualifying research and development expenses and wages for disabled employees	(7,072)	(10,589)	(10,910)	(4,772)	(5,075)
Tax charge at the Group's effective tax rate	23,529	29,596	37,654	17,261	21,374

11. DIRECTORS' REMUNERATION

The remuneration paid or payable to directors of the Company during the Track Record Period is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	240	252	240	120	120
Other emoluments:					
Salaries, allowances and benefits in kind	2,366	3,160	3,645	1,759	1,803
Performance related bonuses	480	840	866	420	433
Retirement benefit scheme contributions	39	48	147	33	44
Share based payments	–	–	204	–	660
Subtotal	2,885	4,048	4,862	2,212	2,940
Total fees and other emoluments	3,125	4,300	5,102	2,332	3,060

The remuneration disclosed above included the remuneration received by certain directors prior to their appointments as the directors of the Company.

	Position	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contributions	Share based payments	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023							
Meisheng Cao *(note (i))*	Director	–	717	200	–	–	917
Tairong Ge *(note (ii))*	Director	–	212	–	–	–	212
Minmin Zheng *(note (iii))*	Director	–	1,437	280	39	–	1,756
Fan Ge *(note (iv))*	Director	–	–	–	–	–	–
Xiao Wei *(note (v))*	Independent director	80	–	–	–	–	80
Binfeng Chai *(note (viii))*	Independent director	80	–	–	–	–	80
Hua Qiu *(note (ix))*	Independent director	80	–	–	–	–	80
		240	2,366	480	39	–	3,125
Year ended 31 December 2024							
Meisheng Cao *(note (i))*	Director	–	725	280	–	–	1,005
Tairong Ge *(note (ii))*	Director	–	1,000	280	–	–	1,280
Minmin Zheng *(note (iii))*	Director	–	1,435	280	48	–	1,763
Fan Ge *(note (iv))*	Director	–	–	–	–	–	–
Xiao Wei *(note (v))*	Independent director	80	–	–	–	–	80
Maoli Ji *(note (vi))*	Independent director	40	–	–	–	–	40
Yulei An *(note (vii))*	Independent director	40	–	–	–	–	40
Binfeng Chai *(note (viii))*	Independent director	46	–	–	–	–	46
Hua Qiu *(note (ix))*	Independent director	46	–	–	–	–	46
		252	3,160	840	48	–	4,300

	Position	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contributions	Share based payments	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025							
Meisheng Cao *(note (i))*	Director	–	1,071	280	–	–	1,351
Tairong Ge *(note (ii))*	Director	–	1,000	280	–	–	1,280
Minmin Zheng *(note (iii))*	Director	–	1,424	280	115	181	2,000
Fan Ge *(note (iv))*	Director	–	–	–	–	–	–
Rao Lei *(note (x))*	Director	–	150	26	32	23	231
Xiao Wei *(note (v))*	Independent director	80	–	–	–	–	80
Maoli Ji *(note (vi))*	Independent director	80	–	–	–	–	80
Yulei An *(note (vii))*	Independent director	80	–	–	–	–	80
		240	3,645	866	147	204	5,102
Period ended 30 June 2026							
Meisheng Cao *(note (i))*	Director	–	526	140	–	–	666
Tairong Ge *(note (ii))*	Director	–	500	140	–	–	640
Minmin Zheng *(note (iii))*	Director	–	701	140	43	642	1,526
Fan Ge *(note (iv))*	Director	–	–	–	–	–	–
Rao Lei *(note (x))*	Director	–	76	13	1	18	108
Xiao Wei *(note (v))*	Independent director	40	–	–	–	–	40
Maoli Ji *(note (vi))*	Independent director	40	–	–	–	–	40
Yulei An *(note (vii))*	Independent director	40	–	–	–	–	40
		120	1,803	433	44	660	3,060
Period ended 30 June 2025 (unaudited)							
Meisheng Cao *(note (i))*	Director	–	542	140	–	–	682
Tairong Ge *(note (ii))*	Director	–	500	140	–	–	640
Minmin Zheng *(note (iii))*	Director	–	717	140	33	–	890
Fan Ge *(note (iv))*	Director	–	–	–	–	–	–
Xiao Wei *(note (v))*	Independent director	40	–	–	–	–	40
Maoli Ji *(note (vi))*	Independent director	40	–	–	–	–	40
Yulei An *(note (vii))*	Independent director	40	–	–	–	–	40
		120	1,759	420	33	–	2,332

(i) Meisheng Cao was appointed as a director on 20 August 2021.

(ii) Tairong Ge was appointed as a director on 20 August 2021.

(iii) Minmin Zheng was appointed as a director on 20 August 2021.

(iv) Fan Ge was appointed as a director on 20 August 2021.

(v) Xiao Wei was appointed as an independent director on 20 August 2021.

(vi) Maoli Ji was appointed as an independent director on 5 September 2024.

(vii) Yulei An was appointed as an independent director on 5 September 2024.

(viii) Binfeng Chai was appointed as an independent director on 20 August 2021, and resigned on 5 September 2024.

(ix) Hua Qiu was appointed as an independent director on 11 November 2021, and resigned on 5 September 2024.

(x) Rao Lei was appointed as a director on 17 November 2025.

The executive directors' emoluments are for their services in connection to the management of the affairs of the Company and the Group.

During the Track Record Period, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any remuneration during the Track Record Period.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 included two, three, three, three and three directors, respectively, details of whose remuneration are set out in note 11 above. Details of the remuneration for the remaining highest paid employees who are neither a director nor chief executive of the Company during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	1,577	1,136	1,440	773	802
Performance related bonuses	300	260	350	–	–
Retirement benefit scheme contributions	76	51	45	14	54
Share-based payments	112	112	145	–	217
	2,065	1,559	1,980	787	1,073

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Nil to HK$1,000,000	3	2	2	2	2

During the Track Record Period, no emoluments were paid by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

On 21 September 2023, the Company declared interim cash dividends of RMB14,000,000 to its shareholders, which were paid in 27 September 2023.

On 12 June 2024, the Company declared a final cash dividend of RMB39,079,670 to its shareholders (paid on 18 June 2024) and a non-cash dividend in the form of a capital reserve conversion into 83,742,150 shares of share capital.

On 11 June 2025, the Company declared final cash dividends of RMB70,732,323 to its shareholders, which were paid in 17 June 2025.

On 21 April 2026, the Company declared a cash dividend of RMB83,656,994 to its shareholders and a non-cash dividend in the form of a capital reserve conversion into 109,117,818 shares of share capital, which were paid on 15 May 2026.

14. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the years/periods attributable to owners of the Company, and the weighted average numbers of ordinary shares outstanding during each of the Track Record Period.

The calculation of the diluted earnings per share amounts is based on the profit for the year/period attributable to owners of the Company, adjusted to reflect the interest on the share options, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year/period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Profit attributable to owners of the Company (RMB'000)	171,802	230,250	278,993	123,479	150,238
Weighted average number of ordinary shares used in the basic earnings per share calculation	419,781,462	472,013,789	471,565,220	471,581,621	471,548,818
Effect of dilutive potential ordinary shares arising from share options outstanding	–	–	–	–	263,803
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	419,781,462	472,013,789	471,565,220	471,581,621	471,812,621
Basic earnings per share (RMB)	0.41	0.49	0.59	0.26	0.32
Diluted earnings per share (RMB)	0.41	0.49	0.59	0.26	0.32

Diluted earnings per share amounts presented are the same as the basic earnings per share amounts as there were no potentially dilutive ordinary shares outstanding for the years ended 31 December 2023, 2024, and the six months ended 30 June 2025.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2025 of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Electronic devices and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST								
At 1 January 2023	–	247,563	–	6,232	181,604	15,766	21,376	472,541
Additions	–	642	1,416	8,017	8,311	5,614	22,827	46,827
Disposals	–	–	–	(1,820)	(791)	(73)	–	(2,684)
Transfer	–	22,470	–	–	11,910	1,786	(36,166)	–
Exchange difference	–	–	2	–	(12)	–	–	(10)
At 31 December 2023 and 1 January 2024	–	270,675	1,418	12,429	201,022	23,093	8,037	516,674
Additions	–	–	151	3,793	27,158	6,719	72,992	110,813
Disposals	–	–	–	(291)	(2,268)	(79)	–	(2,638)
Transfer	–	4,327	–	–	16,963	559	(21,849)	–
Exchange difference	–	–	(37)	(5)	(213)	(69)	–	(324)
At 31 December 2024 and 1 January 2025	–	275,002	1,532	15,926	242,662	30,223	59,180	624,525
Additions	–	702	828	602	28,466	5,220	114,992	150,810
Acquisition of subsidiaries *(note 44)*	–	–	3,972	2,567	30,040	2,279	4,967	43,825
Disposals	–	–	–	(923)	(1,315)	(705)	–	(2,943)
Transfer	–	47,080	–	–	41,671	1,967	(90,718)	–
Exchange difference	–	–	(94)	(7)	(622)	(102)	–	(825)
At 31 December 2025 and 1 January 2026	–	322,784	6,238	18,165	340,902	38,882	88,421	815,392
Additions	53,235	1,099	712	319	29,971	1,119	41,014	127,469
Disposals	–	–	–	(1)	(3,488)	(419)	–	(3,908)
Transfer	–	53,039	–	–	12,812	195	(66,046)	–
Exchange difference	–	–	–	(4)	(372)	(60)	–	(436)
At 30 June 2026	53,235	376,922	6,950	18,479	379,825	39,717	63,389	938,517
ACCUMULATED DEPRECIATION								
At 1 January 2023	–	23,751	–	4,470	46,315	5,491	–	80,027
Charge for the year	–	12,330	134	788	17,479	3,414	–	34,145
Eliminated on disposals	–	–	–	(1,722)	(203)	(31)	–	(1,956)
Exchange difference	–	–	–	–	(4)	(2)	–	(6)
At 31 December 2023 and 1 January 2024	–	36,081	134	3,536	63,587	8,872	–	112,210
Charge for the year	–	13,305	232	1,967	20,878	4,030	–	40,412
Eliminated on disposals	–	–	–	(259)	(1,292)	(73)	–	(1,624)
Exchange difference	–	–	7	–	(11)	(5)	–	(9)
At 31 December 2024 and 1 January 2025	–	49,386	373	5,244	83,162	12,824	–	150,989
Charge for the year	–	14,063	793	3,231	26,960	5,535	–	50,582
Eliminated on disposals	–	–	–	(732)	(546)	(351)	–	(1,629)
Exchange difference	–	–	(47)	(3)	(66)	(116)	–	(232)
At 31 December 2025 and 1 January 2026	–	63,449	1,119	7,740	109,510	17,892	–	199,710
Charge for the period	–	8,073	795	1,764	16,890	3,542	–	31,064
Eliminated on disposals	–	–	–	(1)	(1,597)	(468)	–	(2,066)
Exchange difference	–	(9)	23	(2)	(78)	(2)	–	(68)
At 30 June 2026	–	71,513	1,937	9,501	124,725	20,964	–	228,640

	Freehold land	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Electronic devices and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CARRYING AMOUNT								
At 31 December 2023	–	234,594	1,284	8,893	137,435	14,221	8,037	404,464
At 31 December 2024	–	225,616	1,159	10,682	159,500	17,399	59,180	473,536
At 31 December 2025	–	259,335	5,119	10,425	231,392	20,990	88,421	615,682
At 30 June 2026	53,235	305,409	5,013	8,978	255,100	18,753	63,389	709,877

At 31 December 2023, 2024, 2025 and 30 June 2026, the Group has not yet obtained the building ownership certificates for its buildings amounted to approximately RMB98,270,000, RMB94,122,000, nil and RMB43,542,000, respectively.

At 31 December 2023, 2024, 2025 and 30 June 2026, the Group had bank facilities that were secured by pledged buildings with carrying amounts of approximately RMB46,491,000, RMB43,595,000, nil and nil respectively.

At 31 December 2023, 2024, 2025 and 30 June 2026, the Group had bank facilities that were secured by a pledged motor vehicle with carrying amounts of approximately nil, nil, RMB254,000 and RMB282,000 respectively.

Freehold land located in Thailand is stated at cost less impairment losses. Freehold land has an indefinite useful life and therefore no depreciation is provided. Buildings erected on such land are depreciated over their estimated useful lives. Impairment test is performed when there is an indication of impairment. At 30 June 2026, the Group has not yet obtained the ownership certificates for its freehold land amounted to approximately RMB53,235,000.

The Company

	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Electronic devices and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At 1 January 2023	164,504	–	5,668	105,221	10,460	21,038	306,891
Additions	–	–	7,773	3,065	2,303	14,055	27,196
Disposals	–	–	(1,820)	(166)	(13)	–	(1,999)
Transfer	22,342	–	–	8,501	–	(30,843)	–
At 31 December 2023 and 1 January 2024	186,846	–	11,621	116,621	12,750	4,250	332,088
Additions	–	151	3,667	21,073	2,284	2,324	29,499
Disposals	–	–	(208)	(1,120)	(79)	(428)	(1,835)
Transfer	1,675	–	–	5,244	–	–	6,919
At 31 December 2024 and 1 January 2025	188,521	151	15,080	141,818	14,955	6,146	366,671
Additions	65	–	7	22,909	3,104	5,151	31,236
Disposals	–	–	(599)	(1,139)	(352)	–	(2,090)
Transfer	–	–	–	6,827	–	(6,827)	–
At 31 December 2025 and 1 January 2026	188,586	151	14,488	170,415	17,707	4,470	395,817
Additions	–	–	–	9,142	893	827	10,862
Disposals	(65)	–	–	(4,049)	–	–	(4,114)
Transfer	–	–	–	548	–	(548)	–
At 30 June 2026	188,521	151	14,488	176,056	18,600	4,749	402,565

	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Electronic devices and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ACCUMULATED DEPRECIATION							
At 1 January 2023	13,554	–	4,231	32,919	4,110	–	54,814
Charge for the year	8,221	–	663	9,667	1,965	–	20,516
Eliminated on disposals	–	–	(1,720)	(96)	(10)	–	(1,826)
At 31 December 2023 and 1 January 2024	21,775	–	3,174	42,490	6,065	–	73,504
Charge for the year	9,080	44	1,833	11,920	2,196	–	25,073
Eliminated on disposals	–	–	(181)	(874)	(73)	–	(1,128)
At 31 December 2024 and 1 January 2025	30,855	44	4,826	53,536	8,188	–	97,449
Charge for the year	9,124	50	2,549	13,645	2,611	–	27,979
Eliminated on disposals	–	–	(557)	(421)	(64)	–	(1,042)
At 31 December 2025 and 1 January 2026	39,979	94	6,818	66,760	10,735	–	124,386
Charge for the period	4,562	25	1,254	7,723	1,460	–	15,024
Eliminated on disposals	–	–	–	(1,669)	–	–	(1,669)
At 30 June 2026	44,541	119	8,072	72,814	12,195	–	137,741
CARRYING AMOUNT							
At 31 December 2023	165,071	–	8,447	74,131	6,685	4,250	258,584
At 31 December 2024	157,666	107	10,254	88,282	6,767	6,146	269,222
At 31 December 2025	148,607	57	7,670	103,655	6,972	4,470	271,431
At 30 June 2026	143,980	32	6,416	103,242	6,405	4,749	264,824

16. LEASES

The Group as a lessee

The Group has lease contract for various items of leasehold land and buildings. Lump sum payments were made upfront to acquire the land use right in Chinese Mainland with periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 3 and 10 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Track Record Period are as follows:

The Group

	Office premises	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	24,268	59,194	83,462
Depreciation provided during the year	(2,405)	(1,301)	(3,706)

	Office premises	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
Exchange difference	(735)	–	(735)
At 31 December 2023 and 1 January 2024	21,128	57,893	79,021
Additions	5,623	7,654	13,277
Depreciation provided during the year	(2,908)	(1,354)	(4,262)
Exchange difference	330	–	330
At 31 December 2024 and 1 January 2025	24,173	64,193	88,366
Additions	13,990	4,287	18,277
Acquisition of subsidiaries *(note 44)*	25,860	–	25,860
Lease termination	(16,893)	–	(16,893)
Depreciation provided during the period	(8,826)	(1,474)	(10,300)
Exchange difference	(371)	–	(371)
At 31 December 2025 and 1 January 2026	37,933	67,006	104,939
Additions	1,776	–	1,776
Depreciation provided during the period	(7,028)	(757)	(7,785)
Exchange difference	(200)	–	(200)
At 30 June 2026	32,481	66,249	98,730

At 31 December 2023, 2024, 2025 and 30 June 2026, the Group had bank facilities that were secured by pledged leasehold land with carrying amounts of approximately RMB13,868,000, RMB13,544,000, nil and nil respectively.

The Company

	Office premises	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	–	39,456	39,456
Depreciation provided during the year	–	(876)	(876)
At 31 December 2023 and 1 January 2024	–	38,580	38,580
Additions	5,623	–	5,623
Depreciation provided during the year	(442)	(777)	(1,219)
At 31 December 2024 and 1 January 2025	5,181	37,803	42,984
Additions	5,971	–	5,971
Depreciation provided during the year	(3,227)	(838)	(4,065)
At 31 December 2025 and 1 January 2026	7,925	36,965	44,890
Additions	1,776	–	1,776
Depreciation provided during the period	(2,334)	(425)	(2,759)
At 30 June 2026	7,367	36,540	43,907

(b) Lease liabilities

At the end of each reporting period, the lease liabilities were repayable as follow:

The Group

	Lease payments				Present value of lease payments			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2023	2024	2025	2026	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	2,978	5,021	9,434	10,547	2,077	4,009	8,080	9,344
After one year but within two years	2,978	5,021	9,199	7,526	2,170	4,195	8,207	6,725
After two years but within five years	8,935	10,567	17,288	15,191	7,113	9,024	16,066	14,429
After five years	11,168	8,312	–	–	10,316	7,844	–	–
	26,059	28,921	35,921	33,264	21,676	25,072	32,353	30,498
Less: Future finance charge	(4,383)	(3,849)	(3,568)	(2,766)				
Present value of lease liabilities	21,676	25,072	32,353	30,498				
Less: Amount due for settlement within 12 months (shown under current liabilities)					(2,077)	(4,009)	(8,080)	(9,344)
Amount due for settlement after 12 months					19,599	21,063	24,273	21,154

The Company

	Lease payments				Present value of lease payments			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2023	2024	2025	2026	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	1,999	4,243	5,203	–	1,806	3,989	5,000
After one year but within two years	–	1,999	3,670	2,028	–	1,894	3,603	2,011
After two years but within five years	–	1,499	–	–	–	1,480	–	–
After five years	–	–	–	–	–	–	–	–
	–	5,497	7,913	7,231	–	5,180	7,592	7,011
Less: Future finance charge	–	(317)	(321)	(220)				
Present value of lease liabilities	–	5,180	7,592	7,011				
Less: Amount due for settlement within 12 months (shown under current liabilities)					–	(1,806)	(3,989)	(5,000)
Amount due for settlement after 12 months					–	3,374	3,603	2,011

The carrying amount of lease liabilities and the movements during the Track Record Period are as follows:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period	24,413	21,676	25,072	32,353
New leases	–	5,623	13,990	1,776
Accretion of interest recognised during the year/period	987	961	1,758	771
Acquisition of subsidiaries *(note 44)*	–	–	27,776	–
Payments	(3,008)	(3,289)	(16,787)	(4,409)
Lease termination	–	–	(18,193)	–
Exchange difference	(716)	101	(1,263)	7
Carrying amount at end of year/period	21,676	25,072	32,353	30,498
Analysed into:				
Current portion	2,077	4,009	8,080	9,344
Non-current portion	19,599	21,063	24,273	21,154

The maturity analysis of lease liabilities is disclosed in note 43 to the Historical Financial Information.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period	–	–	5,180	7,592
New leases	–	5,623	5,971	1,776
Payments	–	(443)	(3,559)	(2,357)
Carrying amount at end of year/period	–	5,180	7,592	7,011
Analysed into:				
Current portion	–	1,806	3,989	5,000
Non-current portion	–	3,374	3,603	2,011

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on lease liabilities	987	961	1,758	668	771
Depreciation charge of right-of-use assets	3,706	4,262	10,300	3,702	7,785
Expenses relating to short-term leases and leases of low-value assets	253	331	4,336	129	2,110
Total amount recognised in profit or loss	4,946	5,554	16,394	4,499	10,666

The Company

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on lease liabilities	–	58	337	150	183
Depreciation charge of right-of-use assets	–	1,219	4,065	1,725	2,759
Expenses relating to short-term leases and leases of low-value assets	253	331	387	129	127
Total amount recognised in profit or loss	253	1,608	4,789	2,004	3,069

	Ast at 31 December			As at 30 June
	2023	2024	2025	2026
Incremental borrowing rate	4.40%	4.40% – 4.75%	4.75%	4.75%

17. GOODWILL

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	–	–	–	149,742
Business combination	–	–	149,742	–
At the end of year/period	–	–	149,742	149,742

Impairment testing of goodwill with an indefinite useful life

The carrying amount of goodwill allocated to the group of cash-generating unit ("CGU") is as follow:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Shanghai Dizi Precision Machinery Co., Ltd. and its subsidiaries ("Dizi Precision Group")	N/A	N/A	149,742	149,742

Goodwill arising from the acquisition of Dizi Precision Group has been allocated to the key precision structural components segment. Management performed an impairment assessment on the goodwill as at 31 December 2025 and 30 June 2026. The recoverable amount of the Dizi Precision Group is determined based on the value in use calculations based on five-year financial budgets. The following table sets key assumption of CGU on which management has based its cash flow projections to undertake impairment testing of goodwill:

Assumption	Rate		Approach used to determine values
	As at 31 December 2025	As at 30 June 2026	
Revenue annual growth rate	2026: 65.6% 2027: 21.7% 2028: 20.3% 2029: 17.7% 2030: 3.1%	2026: 65.1% 2027: 22.4% 2028: 19.8% 2029: 17.1% 2030: 3.4%	Revenue annual growth rate is estimated based on past performance and management's expectations of market development.
Net margin	2026: 14.6% 2027: 15.6% 2028: 18.7% 2029: 21.4% 2030: 21.2%	2026: 9.5% 2027: 17.4% 2028: 18.5% 2029: 20.2% 2030: 20.8%	Based on past performance and management's expectations for the future.
Pre-tax discount rate	12.9%	13.4%	The pre-tax discount rate was determined using a risk premium approach, based on the risk-free rate aligned with the cash flow projection period and adjusted for company-specific risk. The rate reflects the relationship between the project's cost of capital and the associated future cash flows.

Based on management's assessment on the recoverable amount of the CGU, no impairment provision was considered necessary as at 31 December 2025 and 30 June 2026.

Impact of possible changes in key assumption

Based on management's assessment on the recoverable amounts, the headroom of Dizi Precision Group as follow:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dizi Precision Group	N/A	N/A	25,664	22,133

For the sensitivity analysis of Dizi Precision Group conducted during the impairment review, had there been reasonably possible changes with reduction of the revenue annual growth rate of each year during the forecast period by 1%, or a reduction of net margin rate of each year during the forecast period by 1%, or an increase in pre-tax discount rate by 1%, it would cause the reduction of the recoverable amount of Dizi Precision Group as follows, if one of the key assumptions was to change while other variable held constant: as at 31 December 2025, the recoverable amount would decrease by RMB1,610,000, RMB6,000,000 and RMB6,540,000, and as at 30 June 2026, the recoverable amount would decrease by RMB700,000, RMB6,050,000 and RMB6,640,000, respectively.

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGU to exceed their recoverable amounts as at 31 December 2025 and 30 June 2026.

Dizi Precision Group has established a high reputation and significant influence in the research and development and production of precision transmission products. With strong independent research and development capabilities and competitive strength in the industry, its technical expertise and production capacity in precision lead screws enable the Company to rapidly expand into emerging fields such as precision transmission, smart equipment and humanoid robots.

18. OTHER INTANGIBLE ASSETS

The Group

	Patents	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023	–	2,622	2,622
Additions	–	830	830
At 31 December 2023 and 1 January 2024	–	3,452	3,452
Additions	–	6	6
At 31 December 2024 and 1 January 2025	–	3,458	3,458
Additions	–	447	447
Acquisition of subsidiaries *(note 44)*	13,932	2,213	16,145
At 31 December 2025 and 1 January 2026	13,932	6,118	20,050
Additions	–	236	236
At 30 June 2026	13,932	6,354	20,286
ACCUMULATED AMORTISATION			
At 1 January 2023	–	1,273	1,273
Amortisation for the year	–	744	744
At 31 December 2023 and 1 January 2024	–	2,017	2,017
Amortisation for the year	–	979	979
At 31 December 2024 and 1 January 2025	–	2,996	2,996
Amortisation for the year	1,210	601	1,811
At 31 December 2025 and 1 January 2026	1,210	3,597	4,807
Amortisation for the period	1,679	510	2,189
At 30 June 2026	2,889	4,107	6,996
CARRYING AMOUNT			
At 31 December 2023	–	1,435	1,435
At 31 December 2024	–	462	462
At 31 December 2025	12,722	2,521	15,243
At 30 June 2026	11,043	2,247	13,290

The Company

	Software
	RMB'000
COST	
At 1 January 2023	2,598
Additions	825
At 31 December 2023 and 1 January 2024	3,423
Additions	6
At 31 December 2024, 1 January 2025, 31 December 2025 and 1 January 2026	3,429
Additions	221
At 30 June 2026	3,650

	Software
	RMB'000
ACCUMULATED AMORTISATION	
At 1 January 2023	1,248
Amortisation for the year	743
At 31 December 2023 and 1 January 2024	1,991
Amortisation for the year	979
At 31 December 2024 and 1 January 2025	2,970
Amortisation for the year	305
At 31 December 2025 and 1 January 2026	3,275
Amortisation for the period	155
At 30 June 2026	3,430
CARRYING AMOUNT	
At 31 December 2023	1,432
At 31 December 2024	459
At 31 December 2025	154
At 30 June 2026	220

19. INTERESTS IN AN ASSOCIATE

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investment, unlisted	–	–	299,996	297,000
Share of results	–	–	4,895	10,928
	–	–	304,891	307,928

The Company acquired equity interests in Guangdong Kingly Gear Co., Ltd. ("Kingly Gear") in 2025. It was admitted to trading on the National Equities Exchange and Quotations on 22 December 2025. As at 31 December 2025, the Company held approximately 15% of its issued shares. Pursuant to the Investment Agreement, the Group has appointed a director (total five directors) to Kingly Gear to exercise significant influence over the operation and management of Kingly Gear.

Particulars of the Group's associate are as follows:

			Effective ownership interest				
			As at 31 December			As at 30 June	
Name	Place of incorporation and operation	Registered share capital	2023	2024	2025	2026	Principal activities
Guangdong Kingly Gear Co., Ltd. 廣東金力智能傳動技術股份有限公司 ("Kingly Gear")	The PRC	RMB73.98 million	N/A	N/A	15%	15%	Research and development, manufacturing and sales of intelligent control systems and intelligent drive systems

Kingly Gear is considered a material associate of the Group. The following table illustrates the summarised financial information of Kingly Gear adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	N/A	N/A	644,989	852,756
Non-current assets	N/A	N/A	238,960	237,743
Current liabilities	N/A	N/A	(322,216)	(508,074)
Non-current liabilities	N/A	N/A	(166)	(14)
Net assets	N/A	N/A	561,567	582,411
Revenue	N/A	N/A	796,469	477,795
Profit for the year/period	N/A	N/A	77,688	40,223
Dividends received from associate	N/A	N/A	N/A	2,996

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	–	–	–	304,891
Addition	–	–	299,996	–
Decrease	–	–	–	(2,996)
Share of results, net	–	–	4,895	6,033
At the end of the year/period	–	–	304,891	307,928

20. DEFERRED TAX ASSETS/LIABILITIES

The Group

The movements in deferred tax assets during the Track Record Period are as follows:

	Provision for impairments on inventories	Unrealised profits arising from intragroup transactions	Losses available for offsetting against future taxable profits	Provision for receivables	Government grants (note)	Lease	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,419	1,736	171	2,017	2,471	25	7,839
Deferred tax credited/(charged) to profit or loss during the year	389	(358)	(159)	2	440	(25)	289
Gross deferred tax assets at 31 December 2023	1,808	1,378	12	2,019	2,911	–	8,128
At 1 January 2024	1,808	1,378	12	2,019	2,911	–	8,128
Deferred tax credited/(charged) to profit or loss during the year	2,566	1,339	(12)	515	2,044	–	6,452
Gross deferred tax assets at 31 December 2024	4,374	2,717	–	2,534	4,955	–	14,580
At 1 January 2025	4,374	2,717	–	2,534	4,955	–	14,580

	Provision for impairments on inventories	Unrealised profits arising from intragroup transactions	Losses available for offsetting against future taxable profits	Provision for receivables	Government grants (note)	Lease	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax credited/(charged) to profit or loss during the year	32	30	6	654	(528)	4,853	5,047
Acquisition of subsidiaries *(note 44)*	884	154	18	291	287	–	1,634
Gross deferred tax assets at 31 December 2025	5,290	2,901	24	3,479	4,714	4,853	21,261
At 1 January 2026	5,290	2,901	24	3,479	4,714	4,853	21,261
Deferred tax credited/(charged) to profit or loss during the period	1,246	1,070	(19)	496	483	(278)	2,998
Exchange difference	–	(6)	–	–	–	–	(6)
Gross deferred tax assets at 30 June 2026	6,536	3,965	5	3,975	5,197	4,575	24,253

Note: The government grants related to assets received by the Company do not meet the conditions for non-taxable income, therefore, the Company paid income tax on these grants in the period of receipt, giving rise to a deductible temporary difference for which a deferred tax asset has been recognised.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the Group had unused tax losses of nil, RMB57,000 and RMB10,257,000 and RMB12,528,000, respectively, available to offset against future profits, and had not been recognised as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively, due to the unpredictability of future profit streams.

The movements in deferred tax liabilities during the Track Record Period are as follows:

	Right-of-use assets	Appreciation of asset value from business combinations not under common control	Common control business combination assets	Changes in fair value	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	–	–	12	–	12
Deferred tax credited to profit or loss during the year	–	–	(6)	–	(6)
Gross deferred tax liabilities at 31 December 2023	–	–	6	–	6
At 1 January 2024	–	–	6	–	6
Deferred tax (credited)/charged to profit or loss during the year	–	–	(6)	29	23
Gross deferred tax liabilities at 31 December 2024	–	–	–	29	29
At 1 January 2025	–	–	–	29	29
Deferred tax charged/(credited) to profit or loss during the year	4,608	(614)	–	28	4,022

	Right-of-use assets	Appreciation of asset value from business combinations not under common control	Common control business combination assets	Changes in fair value	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Acquisition of subsidiaries *(note 44)*	–	3,355	–	–	3,355
Gross deferred tax liabilities at 31 December 2025	4,608	2,741	–	57	7,406
At 1 January 2026	4,608	2,741	–	57	7,406
Deferred tax charged/(credited) to profit or loss during the period	(432)	(763)	–	17	(1,178)
Gross deferred tax liabilities at 30 June 2026	4,176	1,978	–	74	6,228

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 balance of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	8,128	14,580	16,596	20,003
Net deferred tax liabilities recognised in the consolidated statement of financial position	6	29	2,741	1,978

The Company

The movements in deferred tax assets during the Track Record Period are as follows:

	Provision for receivables	Government grants	Provision for impairments on assets	Lease	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,869	520	1,523	–	3,912
Deferred tax (charged)/credited to profit or loss during the year	(28)	322	313	–	607
Gross deferred tax assets at 31 December 2023	1,841	842	1,836	–	4,519
At 1 January 2024	1,841	842	1,836	–	4,519
Deferred tax credited to profit or loss during the year	340	658	3,120	–	4,118
Gross deferred tax assets at 31 December 2024	2,181	1,500	4,956	–	8,637
At 1 January 2025	2,181	1,500	4,956	–	8,637
Deferred tax credited/(charged) to profit or loss during the year	363	(193)	(603)	1,139	706

	Provision for receivables	Government grants	Provision for impairments on assets	Lease	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets at 31 December 2025	2,544	1,307	4,353	1,139	9,343
At 1 January 2026	2,544	1,307	4,353	1,139	9,343
Deferred tax credited/(charged) to profit or loss during the period	203	(96)	1,115	(87)	1,135
Gross deferred tax assets at 30 June 2026	2,747	1,211	5,468	1,052	10,478

The movements in deferred tax liabilities during the Track Record Period are as follows:

	Right-of-use assets	Common control business combination assets	Changes in fair value	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	–	13	–	13
Deferred tax credited to profit or loss during the year	–	(7)	–	(7)
Gross deferred tax liabilities at 31 December 2023	–	6	–	6
At 1 January 2024	–	6	–	6
Deferred tax (credited)/charged to profit or loss during the year	–	(6)	29	23
Gross deferred tax liabilities at 31 December 2024	–	–	29	29
At 1 January 2025	–	–	29	29
Deferred tax charged to profit or loss during the year	1,189	–	27	1,216
Gross deferred tax liabilities at 31 December 2025	1,189	–	56	1,245
At 1 January 2026	1,189	–	56	1,245
Deferred tax charged to profit or loss during the period	(84)	–	18	(66)
Gross deferred tax liabilities at 30 June 2026	1,105	–	74	1,179

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	4,519	8,637	8,098	9,299
Net deferred liabilities recognised in the consolidated statement of financial position	6	29	–	–

21. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment for acquisition of property, plant and equipment	4,136	5,406	68,655	58,184
Large certificates of bank deposits	–	200,000	208,918	211,684
Advance payment for equity investment*	–	–	–	30,000
Financial assets at fair value through profit or loss (expected holding period over one year)	–	–	–	5,000
Others	4,544	9,626	12,548	15,034
Total	8,680	215,032	290,121	319,902

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment for acquisition of property, plant and equipment	2,229	2,080	3,571	5,234
Large certificates of bank deposits	–	200,000	208,918	211,684
Advance payment for equity investment*	–	–	–	30,000
Financial assets at fair value through profit or loss (expected holding period over one year)	–	–	–	5,000
Others	3,470	7,935	10,146	12,213
Total	5,699	210,015	222,635	264,131

* On 29 June 2026, the Company entered into an investment agreement, pursuant to which the Company acquired a 10.0358% equity interest in the target company via equity transfer at a total consideration of RMB85.3 million. As at 30 June 2026, the Company had prepaid an investment sum of RMB30.0 million in respect of the aforesaid equity transfer. The industrial and commercial registration for the change of equity ownership was completed on 15 July 2026.

22. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	64,209	90,778	125,161	141,837
Work in progress	1,995	6,970	26,784	30,716
Finished goods	106,504	161,017	228,385	276,855
Goods in transit	10,299	21,501	28,230	32,310
	183,007	280,266	408,560	481,718
Less: provision for impairment	(12,055)	(29,156)	(30,186)	(38,761)
Total	170,952	251,110	378,374	442,957

The details of inventories that are kept in customers' warehouse at the end of each Track Record Period are as follows:

	As at 31 December						As at 30 June	
	2023		2024		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Consignment inventory-finished goods	8,011	4.7%	9,750	3.9%	15,529	4.1%	10,071	2.3%

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	20,093	32,201	35,813	46,121
Work in progress	1,352	6,970	13,942	14,121
Finished goods	106,770	162,205	188,091	235,321
Goods in transit	10,653	21,501	29,748	33,621
	138,868	222,877	267,594	329,184
Less: provision for impairment	(12,242)	(33,039)	(28,944)	(36,419)
Total	126,626	189,838	238,650	292,765

23. TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	238,988	290,050	382,598	415,640
Notes receivables	932	3,686	2,057	1,661
	239,920	293,736	384,655	417,301
Less: provision for impairment	(13,043)	(16,402)	(20,338)	(22,615)
Net carrying amount	226,877	277,334	364,317	394,686

The credit period is generally 60 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Track Record Period, based on the transaction date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	234,738	283,779	373,036	404,886
1 to 2 years	2,526	4,519	5,246	4,196
2 to 3 years	1,061	279	1,864	3,760
over 3 years	663	1,473	2,452	2,798
Total	238,988	290,050	382,598	415,640

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	12,924	12,996	16,198	20,235
Impairment losses, net	231	3,193	4,083	2,319
Exchange difference	1	9	(46)	(22)
Amount written off as uncollectible	(160)	–	–	–
At end of year/period	12,996	16,198	20,235	22,532

The movements in the loss allowance for impairment of note receivables are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	191	47	204	103
(Reversal of impairment losses)/impairment losses, net	(144)	157	(101)	(20)
At end of year/period	47	204	103	83

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

The Group has applied the same expected credit loss ("ECL") rates for trade receivables throughout the Track Record Period. This treatment is explained and justified as follows. First, the credit risk profile of the receivables portfolio remained stable during the period: there were no material changes in customer industry concentration, geographic distribution or credit quality; no significant shifts in payment terms, collateral arrangements or collection performance; historical loss experience was consistent without observable deterioration in the underlying credit risk of accounts receivable. Second, the macroeconomic conditions, industry outlook and regulatory environment affecting the Group's customers were stable and unchanged across the period. Third, the Group's approach aligns with industry practice and prudent policy. Fourth, the Group's ECL rates are set at a level higher than the industry average to maintain prudence.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2023					
On a collective basis:					
Expected credit loss rate	5.00%	10.00%	32.00%	100.00%	5.44%
Gross carrying amount (RMB'000)	234,738	2,526	1,061	663	238,988
Expected credit losses (RMB'000)	11,737	252	344	663	12,996

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2024					
On a collective basis:					
Expected credit loss rate	5.00%	10.00%	30.00%	100.00%	5.58%
Gross carrying amount (RMB'000)	283,779	4,519	279	1,473	290,050
Expected credit losses (RMB'000)	14,189	452	84	1,473	16,198

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2025					
On a collective basis:					
Expected credit loss rate	4.45%	10.00%	30.00%	100.00%	5.29%
Gross carrying amount (RMB'000)	373,036	5,239	1,721	2,602	382,598
Expected credit losses (RMB'000)	16,593	524	516	2,602	20,235

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 30 June 2026					
On a collective basis:					
Expected credit loss rate	4.49%	10.00%	30.00%	100.00%	5.42%
Gross carrying amount (RMB'000)	404,886	4,196	3,760	2,798	415,640
Expected credit losses (RMB'000)	18,187	419	1,128	2,798	22,532

The following were the Group's financial assets as at 31 December 2023, 2024, 2025 and 30 June 2026 that were transferred to suppliers by endorsing on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount of trade and notes receivables and trade and notes payables. These financial assets are carried at amortised cost in the consolidated statement of financial position.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of transferred assets	530	587	1,769	1,533
Carrying amount of associated liabilities	(530)	(587)	(1,769)	(1,533)
Net position	–	–	–	–

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	230,926	269,143	320,197	331,623
Notes receivables	933	3,585	1,504	717
Amounts due from subsidiaries*	18,198	155,309	55,619	96,734
	250,057	428,037	377,320	429,074
Less: provision for impairment	(12,082)	(14,200)	(16,843)	(18,136)
Net carrying amount	237,975	413,837	360,477	410,938

* The amounts due are unsecured, non-interest bearing and repayable within 60 days.

The credit period is generally 60 to 90 days. Each customer has a maximum credit limit. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Track Record Period, based on the transaction date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	227,386	265,705	316,144	325,677
1 to 2 years	2,880	2,974	2,828	2,935
2 to 3 years	404	64	782	2,125
over 3 years	256	400	443	886
Total	230,926	269,143	320,197	331,623

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	12,039	12,035	14,002	16,768
Impairment losses, net	156	1,967	2,766	1,332
Amount written off as uncollectible	(160)	–	–	–
At end of year/period	12,035	14,002	16,768	18,100

The movements in the loss allowance for impairment of note receivables are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	161	47	198	75
(Reversal of impairment losses)/impairment losses, net	(114)	151	(123)	(39)
At end of year/period	47	198	75	36

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2023					
On a collective basis:					
Expected credit loss rate	5.00%	10.00%	30.00%	100.00%	5.21%
Gross carrying amount (RMB'000)	227,386	2,880	404	256	230,926
Expected credit losses (RMB'000)	11,370	288	121	256	12,035

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2024					
On a collective basis:					
Expected credit loss rate	5.00%	10.00%	30.00%	100.00%	5.20%
Gross carrying amount (RMB'000)	265,705	2,974	64	400	269,143
Expected credit losses (RMB'000)	13,286	297	19	400	14,002

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2025					
On a collective basis:					
Expected credit loss rate	5.00%	10.00%	30.00%	100.00%	5.24%
Gross carrying amount (RMB'000)	316,144	2,828	782	443	320,197
Expected credit losses (RMB'000)	15,808	283	234	443	16,768

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 30 June 2026					
On a collective basis:					
Expected credit loss rate	5.00%	10.00%	30.00%	100.00%	5.46%
Gross carrying amount (RMB'000)	325,677	2,935	2,125	886	331,623
Expected credit losses (RMB'000)	16,283	294	637	886	18,100

24. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	3,643	3,107	5,260	5,895
Deposits and other receivables	4,222	4,319	4,412	5,221
Large certificates of bank deposits	–	50,000	7,906	144,740
Deductible input value-added tax ("VAT")	1,941	16,379	28,154	33,614
Capitalisation of [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Prepaid corporate income tax			25	55
	9,806	73,805	54,600	210,206
Less: provision for impairment	(419)	(636)	(1,753)	(2,407)
Total	9,387	73,169	52,847	207,799

An impairment analysis was performed at the end of each of the Track Record Period. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	305	419	636	1,753
Impairment losses, net	115	221	1,139	705
Exchange difference	(1)	(4)	(22)	(51)
At end of year/period	419	636	1,753	2,407

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	1,587	2,361	113,763	35,866
Amounts due from subsidiaries*	65,869	72,936	50,671	224
Large certificates of bank deposits	–	50,000	7,906	144,740
Deposits and other receivables	468	2,170	822	805
Capitalisation of [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Deductible input value-added tax ("VAT")	537	2,660	–	–
	68,461	130,127	182,005	202,316
Less: provision for impairment	(194)	(337)	(194)	(216)
Total	68,267	129,790	181,811	202,100

* The amounts due are unsecured, non-interest bearing and have no fixed repayment terms.

An impairment analysis was performed at the end of each of the Track Record Period. The Company has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Company considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	262	194	337	194
(Reversal of impairment losses)/impairment losses, net	(68)	143	(143)	22
At end of year/period	194	337	194	216

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Commercial bank's structure deposits	–	220,191	434,981	378,825

As at 31 December 2024, all financial assets at fair value through profit or loss consisted of structure deposits. These included a principal amount of RMB220,000,000 and a gain from changes in fair value of RMB190,604. Among them, RMB170,000,000 represents a "Yuntong Wealth Fixed-Term Type" capital-guaranteed floating-income structured deposit purchased by the Company from the Jiaxing Nanhu Sub-branch of Bank of Communications, with a maturity date of 26 February 2025. The remaining RMB50,000,000 represents a "Yuntong Wealth Fixed-Term Type" capital-guaranteed floating-income structured deposit purchased by the Company from the Jiaxing Branch of Bank of Communications on 20 December 2024, with a maturity date of 19 December 2025.

As at 31 December 2025, all financial assets at fair value through profit or loss consisted of structure deposits. These included a principal amount of RMB434,600,000 and a gain from changes in fair value of RMB381,438. Among them, RMB320,000,000 represents a "Yuntong Wealth Fixed-Term Type" capital-guaranteed floating-income structured deposit purchased by the Company from the Jiaxing Nanhu Sub-branch of Bank of Communications, with a maturity date of 26 February 2026. RMB 40,000,000 represents a "Yuntong Wealth Fixed-Term Type"

capital-guaranteed floating-income structured deposit purchased by a subsidiary from the Shanghai Songjiang Sub-branch of Bank of Communications, with a maturity date of 12 January 2026. The remaining RMB74,600,000 represents a "Tianlibao" structured deposit purchased by the Company from the Jiaxing Branch of Hangzhou Bank, with a maturity date of 22 March 2026.

As at 30 June 2026, all financial assets at fair value through profit or loss consisted of structure deposits. These included a principal amount of RMB378,000,000 and a gain from changes in fair value of RMB824,561. Among them, RMB295,000,000 represents a "Yuntong Wealth Fixed-Term Type" capital-guaranteed floating-income structured deposit purchased by the Company from the Jiaxing Nanhu Sub-branch of Bank of Communications, with a maturity date of 2 September 2026. RMB33,000,000 represents a "Yuntong Wealth Fixed-Term Type" capital-guaranteed floating-income structured deposit purchased by a subsidiary from the Shanghai Songjiang Sub-branch of Bank of Communications, with a maturity date of 27 July 2026. The remaining RMB50,000,000 represents a "Tianlibao" structured deposit purchased by the Company from the Jiaxing Branch of Hangzhou Bank, with a maturity date of 3 July 2026.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Commercial bank's financing products	–	220,191	394,976	345,821

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptances issued by banks with high credit ratings, carried at fair value through other comprehensive income ("FVTOCI")	23,255	15,402	46,232	31,361

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derecognised notes receivables that the Group has endorsed or discounted but not yet matured as at the balance sheet date	127,506	167,460	217,293	273,125

The above notes receivable are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these notes receivable. Hence, these notes receivables are classified as financial assets measured at FVTOCI.

The Group's receivables financing are mainly short-term note receivables with remaining contractual maturities of within one year. Among them, bank acceptances issued by banks with high credit ratings have high liquidity and can be discounted or endorsed at any time to meet the Group's short-term fund needs. The Group manages liquidity risk through bill discounting, factoring and other financing arrangements.

For bank acceptances issued by banks with high credit ratings, their fair values are close to their face values due to their low credit risk and short remaining maturities. As at each reporting date, the carrying amounts of receivables financing approximate their fair values. No fair value change during the track record period.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptances issued by banks with high credit rating, carried at FVTOCI	20,049	12,596	37,513	26,363

Transferred financial assets that are derecognised in their entirety

The Group discounted certain bank acceptance notes with aggregate amounts of RMB23,836,000, RMB403,000, RMB40,964,000 and RMB128,227,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively, to certain banks in Chinese mainland. In accordance with the Law of Negotiable Instruments in PRC, the holders of the aforementioned bills may exercise the right of recourse against any, several or all of the persons liable for the aforementioned 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 banks holding those derecognised bill is remote. The Group has transferred substantially all risks and rewards relating to the derecognised notes in the absence of a default of the accepted banks. Accordingly, it has derecognised the full carrying amounts of the derecognised notes. The maximum exposure to loss from the Group's Continuing Involvement in the derecognised notes and the undiscounted cash flows to repurchase these derecognised notes is equal to their carrying amounts. In the opinion of the directors, the fair value of the Group's Continuing Involvement in the derecognised notes are not significant. No gain or loss has been recognised on the date of transfer of the derecognised notes receivables and from the continuing involvement.

The Group endorsed certain bills receivables accepted by banks in Chinese mainland (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with aggregate amounts of RMB103,670,000, RMB167,057,000, RMB176,329,000 and RMB144,898,000 as at 31 December 2023, 2024, 2025 and 30 June 2026. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. 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. 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 value to the Group's Continuing Involvement in the Derecognised Bills are not significant. No gain or loss has been recognised on the date of transfer of the derecognised notes receivables and from the continuing involvement.

27. BANK AND CASH BALANCES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and cash equivalents	1,022,671	583,826	474,103	367,538
Less: restricted cash*	–	–	(283)	–
Cash and cash equivalents	1,022,671	583,826	473,820	367,538

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and cash balances				
Denominated in RMB	1,018,064	492,245	226,957	199,628
Denominated in United States dollar ("USD")	4,114	90,739	241,189	160,813
Denominated in Vietnamese Dong ("VND")	493	269	394	33
Denominated in Euro ("EUR")	–	572	288	5,867
Denominated in Mexican Peso ("MXN")	–	1	40	1
Denominated in Thai Baht ("THB")	–	–	5,013	1,196
Denominated in Japanese Yen ("JPY")			222	–
	1,022,671	583,826	474,103	367,538

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and cash balances	1,004,689	526,254	379,131	271,935

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and cash balances				
Denominated in RMB	1,003,381	438,503	336,904	164,945
Denominated in United States dollar ("USD")	1,308	87,179	26,908	101,123
Denominated in Euro ("EUR")	–	572	15,319	5,867
	1,004,689	526,254	379,131	271,935

**:* The amount represented the cash margin deposited for the issuance of bank acceptances.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the Group and the Company have assessed the credit risk of bank and cash balances to be minimal as they were placed in reputable financial institutions.

28. TRADE AND NOTES PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	156,834	245,756	282,422	382,954
Notes payables	26,581	25,496	34,702	66,737
	183,415	271,252	317,124	449,691

An ageing analysis of the trade and notes payables as at the end of the Track Record Period, based on recognition date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	168,566	250,397	296,920	429,531
1 to 2 years	14,542	6,481	2,307	1,374
2 to 3 years	247	14,236	4,429	1,218
Over 3 years	60	138	13,468	17,568
Total	183,415	271,252	317,124	449,691

The trade payables are non-interest-bearing and are normally settled in 90 days upon receipt of the VAT invoice.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the Group's certain notes payables were secured by the buildings of approximately RMB46,491,000, RMB43,595,000 and leasehold land of approximately RMB13,868,000, RMB13,544,000, respectively.

As at 31 December 2025 and 30 June 2026, no assets were secured for the Group's certain notes payables.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	114,463	175,135	207,849	272,514
Notes payables	26,581	25,397	35,862	70,965
Amounts due to subsidiaries*	6,065	63,956	11,051	10,056
	147,109	264,488	254,762	353,535

* The amounts due are unsecured, non-interest bearing and repayable within 90 days.

An ageing analysis of the trade and notes payables and amounts due to subsidiaries as at the end of the Track Record Period, based on recognition date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	132,762	246,099	235,675	334,990
1 to 2 years	14,076	4,920	1,479	791
2 to 3 years	215	13,385	4,378	754
Over 3 years	56	84	13,230	17,000
Total	147,109	264,488	254,762	353,535

29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities measured at amortised cost				
Interest payables	18	–	293	610
Liability for share repurchase under employee share scheme	–	–	55,140	54,951
	18	–	55,433	55,561
Other payables	5,407	630	6,628	9,981
Less: other payables due after one year	–	–	(151)	(128)
	5,425	630	61,910	65,414
Financial liabilities measured at fair value through profit or loss				
Contingent consideration payables for acquisition (note)	–	–	36,212	24,142
Payroll and welfare payable	19,707	23,448	33,126	26,347
Other tax payables	6,477	4,501	8,290	15,724
	31,609	28,579	139,538	131,627

Note: The contingent consideration payables for acquisition represents the remaining consideration of RMB36,212,000 for acquisition of Dizi Precision to be paid in three tranches. In April 2026, the Group paid the first instalment of cash consideration of RMB12,070,000, as Dizi Precision achieved the performance target for the year ended 31 December 2025.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities measured at amortised cost				
Interest payables	18	–	232	424
Liability for share repurchase under share option scheme	–	–	55,140	54,951
Other payables	403	539	559	1,393
Amounts due to subsidiaries*	8,850	8,350	8,350	8,350
Financial liabilities measured at fair value through profit or loss				
Contingent consideration payables for acquisition	–	–	36,212	24,142
Payroll and welfare payable	13,024	16,156	18,482	12,518
Other tax payables	5,318	3,639	4,764	9,707
	27,613	28,684	123,739	111,485

* The amounts due are unsecured, non-interest bearing and have no fixed repayment terms.

Other payables are non-interest-bearing, unsecured and have no fixed terms of settlement.

30. CONTRACT LIABILITIES

The Group

	As at 1 January	As at 31 December			As at 30 June
	2023	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities – mica-based composite materials	4,305	10,098	18,120	45,603	49,260
Contract liabilities – key precision structural components	–	–	–	1,141	1,737
	4,305	10,098	18,120	46,744	50,997

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits received in advance				
At beginning of the year/period	4,305	10,098	18,120	46,744
Revenue recognised that was included in contract liabilities at beginning of the year/period	(4,232)	(5,527)	(18,083)	(36,232)
Acquisition of subsidiaries *(note 44)*	–	–	1,540	–
Cash received, excluding amounts recognised as revenue during the year/period	10,025	13,549	45,167	40,485
At the end of year/period	10,098	18,120	46,744	50,997

The Company

	As at 1 January	As at 31 December			As at 30 June
	2023	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities					
– third parties	4,282	10,094	18,120	38,479	60,419
– subsidiaries	–	–	–	51,164	–
	4,282	10,094	18,120	89,643	60,419

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits received in advance				
At beginning of the year/period	4,282	10,094	18,120	89,643
Revenue recognised that was included in contract liabilities at beginning of the year/period	(4,210)	(5,527)	(18,083)	(82,328)
Cash received, excluding amounts recognised as revenue during the year/period	10,022	13,553	89,606	53,104
At the end of year/period	10,094	18,120	89,643	60,419

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Bank borrowings – unsecured	19,800	–	445,000	434,724
Bank borrowings – pledged	–	–	7,028	6,979
Discounted bills – unsecured	–	–	82,170	90,689
	19,800	–	534,198	532,392
Analysis of effective interest rate				
Loan interest at rate per annum in the range of	2.60%	N/A	2.11% – 4.00%	2.14% – 4.00%

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Bank borrowings – unsecured	19,800	–	415,000	404,892
Discounted bills – unsecured	–	–	82,170	90,689
	19,800	–	497,170	495,581
Analysis of effective interest rate				
Loan interest at rate per annum in the range of	2.60%	N/A	2.11% – 4.00%	2.14% – 4.00%

The carrying amounts of the Group's and the Company's current interest-bearing bank borrowing approximate to their fair value. The discounted bills are the bank borrowings arising from discounted notes payable.

As at 31 December 2023, RMB19,800,000 of bank borrowings were guaranteed by the subsidiary of the Company.

As at 31 December 2025, USD1,000,000 (equivalent to RMB7,028,000) of bank borrowings were pledged by the large certificates of bank deposits of RMB7,906,000

As at 30 June 2026, USD10,000,000 (equivalent to RMB6,979,000) of bank borrowings were pledged the large certificates of bank deposits of RMB7,795,000.

32. DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	19,406	33,036	31,427	34,646

Movements in government grants of the Group during the Track Record Period are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	16,474	19,406	33,036	31,427
Government grants received	3,840	15,010	550	4,450
Recognised to profit or loss	(908)	(1,380)	(2,159)	(1,231)
At the end of year/period	19,406	33,036	31,427	34,646

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	5,612	10,001	8,714	8,071

Movements in government grants of the Group during the Track Record Period are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	3,465	5,612	10,001	8,714
Government grants received	2,600	5,066	–	–
Recognised to profit or loss	(453)	(677)	(1,287)	(643)
At the end of year/period	5,612	10,001	8,714	8,071

The Group and the Company received government grants for capital expenditure incurred for property, plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

33. SHARE CAPITAL

A summary of movements in the Company's share capital during the Track Record Period is as follows:

	Number of shares	Nominal value of shares
		RMB'000
At 1 January 2023	210,000,000	210,000
Issue of ordinary shares (ordinary shares of RMB1.00 each) *(note (a))*	70,000,000	70,000
As at 31 December 2023 and 1 January 2024	280,000,000	280,000
Transfer from capital reserve *(note (b))*	83,742,150	83,742
As at 31 December 2024, 1 January 2025 and 31 December 2025, 1 January 2026	363,742,150	363,742
Transfer from capital reserve *(note (c))*	109,117,818	109,118
	472,859,968	472,860

Notes:

(a) On 1 August 2023, with the approval of the China Securities Regulatory Commission, the Company publicly issued 70,000,000 ordinary shares with a par value of RMB1 per share. The issuance price was set at RMB15.32 per share, resulting in total proceeds of RMB1,072,400,000. After deducting the listing expenses of RMB102,345,404, the net proceeds amounted to RMB970,054,596. Of this amount, RMB70,000,000 was allocated to share capital, and the remaining RMB900,054,596 was allocated to capital reserve.

(b) On 17 May 2024, the Company's 2023 Annual General Meeting reviewed and approved the proposal on the 2023 profit distribution and capitalisation of capital reserve plan. It was resolved that the Company will distribute a cash dividend of RMB1.4 per 10 shares (inclusive of tax) to all shareholders and convert capital reserve into 3 additional shares for every 10 shares. As of 23 April 2024, the Company's total number of shares was 280,000,000. After deducting 859,500 repurchased shares, the total cash dividend to be distributed amounts to RMB39,079,670 (inclusive of tax), and the number of shares to be converted from capital reserve is 83,742,150. Following this capitalisation of capital reserve, the Company's total share capital will increase to 363,742,150 shares.

(c) On 21 April 2026, the Company's 2025 Annual General Meeting reviewed and approved the proposal on the 2025 profit distribution and capitalisation of capital reserve plan. It was resolved that the Company will distribute a cash dividend of RMB2.3 per 10 shares (inclusive of tax) to all shareholders and convert capital reserve into 3 additional shares for every 10 shares. As of 14 May 2026, the Company's total number of shares was 363,742,150. After deducting 16,090 repurchased shares held in the treasury share repurchase account, the total cash dividend to be distributed amounts to RMB83,656,994 (inclusive of tax), and the number of shares to be converted from capital reserve is 109,117,818. Following this capitalisation of capital reserve, the Company's total share capital will increase to 472,859,968 shares.

34. RESERVES

The amounts of the Group's retained earnings and the movements therein for the Track Record Period are presented in the consolidated statements of changes in equity of the Group.

(a) Capital reserve

The capital reserve represents capital contribution of the Group. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Exchange Reserve

The exchange reserve represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency of the Group.

(c) Statutory surplus reserve

In accordance with the PRC Company Law, the Company is required to allocate 10% of its profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the statutory surplus reserves may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(d) Treasury shares

At the 23rd meeting of the first board of directors held by the Company on 21 February 2024, the "Proposal on the Share Repurchase Plan via Centralised Bidding" was reviewed and approved. The Company agreed to use its own funds to repurchase its issued A-shares through centralised bidding transactions for equity incentive plans or employee stock ownership plans. During the year ended 31 December 2024, the Company had cumulatively repurchased 936,590 shares through the trading system of the Shanghai Stock Exchange via centralised bidding, with a total payment of approximately RMB22,520,000 (including transaction costs such as stamp duty and trading commissions). The above matters resulted in an increase of approximately RMB22,520,000 in treasury shares. During the year ended 31 December 2025, the Company has cumulatively repurchased 75,700 shares, accounting for 0.02% of the Company's total shares, through the trading system of the Shanghai Stock Exchange via centralised bidding, with a total payment of approximately RMB2,515,000 (including transaction costs such as stamp duty and trading commissions). The above matters resulted in an increase of approximately RMB2,515,000 in treasury shares.

During the period ended 30 June 2026, 4,420 restricted shares under the employee share-based plan were repurchased, leading to an increase in treasury shares of RMB84,085; meanwhile, the repurchase obligation for restricted shares in respect of resigned employees under the employee share-based plan was reversed, resulting in a decrease in treasury shares of RMB188,190.

A summary of movements in the Company's treasury shares is as follow:

	Number of shares			Treasury shares
	Held in repurchase account	2025 share option scheme	Total	*RMB'000*
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–	–	–
Repurchase of shares	936,590	–	936,590	22,520
At 31 December 2024 and 1 January 2025	936,590	–	936,590	22,520
Repurchase of shares	75,700	–	75,700	2,515
Transfer to 2025 share option scheme	(996,200)	–	(996,200)	(24,637)
Restricted shares in 2025 share option scheme	–	996,200	996,200	55,140
At 31 December 2025 and 1 January 2026	16,090	996,200	1,012,290	55,538
Capital reserve capitalisation	–	298,860	298,860	–
Repurchase of Restricted shares in 2025 share option scheme	–	4,420	4,420	84
Decrease of repurchase obligation	–	(4,420)	(4,420)	(188)
At 30 June 2026	16,090	1,295,060	1,311,150	55,434

(e) Reserve movements of the Company

Year ended 31 December 2023

	Capital reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	105,837	20,387	183,485	309,709
Profit and total comprehensive income for the year	–	–	151,703	151,703
Capital injection *(note 33)*	900,055	–	–	900,055
Transfer to statutory surplus reserve	–	15,170	(15,170)	–
Share-based payments for employees	1,086	–	–	1,086
Dividend declared *(note 13)*	–	–	(14,000)	(14,000)
At 31 December 2023	1,006,978	35,557	306,018	1,348,553

Year ended 31 December 2024

	Capital reserve	Treasury shares	Statutory surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	1,006,978	–	35,557	306,018	1,348,553
Profit and total comprehensive income for the year	–	–	–	205,333	205,333
Share-based payments for employees	1,086	–	–	–	1,086
Transfer to statutory surplus reserve	–	–	20,533	(20,533)	–
Transfer to share capital *(note 33)*	(83,742)	–	–	–	(83,742)
Repurchase of shares *(note 34(d))*	–	(22,520)	–	–	(22,520)
Dividend declared *(note 13)*	–	–	–	(39,080)	(39,080)
At 31 December 2024	924,322	(22,520)	56,090	451,738	1,409,630

Year ended 31 December 2025

	Capital reserve	Treasury shares	Statutory surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	924,322	(22,520)	56,090	451,738	1,409,630
Profit and total comprehensive income for the year	–	–	–	239,319	239,319
Share-based payments for employees	3,568	–	–	–	3,568
Transfer to statutory surplus reserve	–	–	23,932	(23,932)	–
Transfer from treasury share	30,503	(30,503)	–	–	–
Repurchase of shares *(note 34(d))*	–	(2,515)	–	–	(2,515)
Dividend declared *(note 13)*	–	–	–	(70,732)	(70,732)
At 31 December 2025	958,393	(55,538)	80,022	596,393	1,579,270

Six months ended 30 June 2026

	Capital reserve	Treasury shares	Statutory surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	958,393	(55,538)	80,022	596,393	1,579,270
Profit and total comprehensive income for the period	–	–	–	117,307	117,307
Share-based payments for employees	8,856	–	–	–	8,856
Transfer to statutory surplus reserve	(109,118)	–	–	–	(109,118)
Transfer from treasury share	(104)	104	–	–	–
Repurchase of shares *(note 34(d))*	–	–	–	–	–
Dividend declared *(note 13)*	–	–	–	(83,657)	(83,657)
At 30 June 2026	858,027	(55,434)	80,022	630,043	1,512,658

35. SHARE-BASED PAYMENTS

(a) Share incentive plan

In April 2021, the Company held a shareholder's meeting and approved the "Resolution on the Employee Equity Incentive Plan". It was agreed that Shanghai Chao Tai Enterprise Management Partnership (Limited Partnership) 上海巢泰企業管理合夥企業(有限合夥) ("Shanghai Chao Tai") and Shanghai Cong Jiong Enterprise Management Partnership (Limited Partnership) 上海聰炯企業管理合夥企業(有限合夥) ("Shanghai Cong Jiong") will acquire a portion of the company's equity from 湖南源臻科技有限公司 Hunan Zhenyuan Technology Limited Company ("Hunan Yuanzhen"). Shanghai Chaotai and Shanghai Congjiong will serve as shareholding platforms for implementing the equity incentive plan, which controlled by one of the Controlling Shareholders, Ms. Cao.

On April 30, 2021, the Company, Ms Cao, Shanghai Chaotai, signed an equity incentive agreement with 32 employees including Zhao Shuyan, stipulating that the 32 employees, would increase their capital by RMB1.154 million to Shanghai Chaotai.

On March 7, 2022, the Company, Ms Cao, and Shanghai Chaotai signed an equity incentive agreement with employee Jin wanhong, stipulating that Ms Cao would transfer part of her share in Shanghai Chaotai to employee Jin wanhong.

On March 7, 2022, the Company, Ms Cao, and Shanghai Congjing signed an equity incentive agreement with employee Zhao shuyan, stipulating that Ms Cao would transfer part of her share in Shanghai Congjing to employee Zhao shuyan.

In March and August 2022, two and one employees under the employee stock ownership plan resigned and transferred their shares in the company to Ms Cao. The transfer price was calculated based on the actual investment amount of the two and one employees and the corresponding bank loan interest rate for the same period, calculated from the date the employees paid all their investment to Shanghai Chaotai to the date of their resignation. The company will reduce the share-based payment by the difference between the above-mentioned equity grant price and fair value, and at the same time reduce management expenses and capital reserves.

These share-based payments are intended to compensate employees for their services. The grantee shall provide full-time continuous service for the Group for no less than 5 years from the grant date. Early resignation will trigger the repurchased of all underlying shares by the actual controller. The equity incentive plan specifies a five-year service period, and the Company allocates the determined share-based payment expense over the service period using the straight-line method, simultaneously recognising administrative expenses and capital reserve. In respect of this plan, during the year ended 31 December 2023, 2024 and 2025, the Group recorded share-based compensation expense of RMB1,086,000, RMB 1,086,000 and RMB1,086,000, respectively.

The fair value of the share-based payment granted in 2021 is based on the price of RMB10 per share paid by external investor Heshi Investment to acquire Hunan Yuanzhen's shares in May 2021.

The fair value of the share-based payment granted in 2022 is based on the price of RMB7.74 per share paid by external investor Yibin Chendao and Chaoxing Venture Capital during their capital increase in September 2021.

As at 1 January 2023, 549,000 shares have been granted with exercise price of RMB2 per share and 150,000 shares have been granted with exercise price of RMB0.83 per share. No movement of number of share awards during the Track Record Period.

(b) 2025 Share option scheme

On 29 September 2025 and 15 October 2025, the Company convened a meeting of the Board of Directors and an extraordinary general meeting of shareholders, respectively. At these meetings, resolutions were approved regarding the "2025 Employee Share Option Scheme", as well as the "2025 Employee Share Option Scheme Administrative Measures".

The shares for this share option scheme are sourced from the Company's repurchased A-share ordinary shares held in the treasury share account. A total of 996,200 shares were transferred from the Company's treasury share account to the dedicated securities account for the share option scheme through a non-trade transfer at a subscription price of RMB55.35 per share.

In accordance with the provisions of the "2025 Employee Share Option Scheme", the rights and interests attached to the shares held by the scheme will be allocated to participants over three tranches, contingent upon the achievement of the Company's performance targets and individual performance assessment results. The details are as follows:

– First vesting tranche: 12 months after the date of the Company's announcement regarding the transfer of the underlying shares into the share's account, 30% of the total underlying shares held by the scheme will vest.

– Second vesting tranche: 24 months after the date of the Company's announcement regarding the transfer of the underlying shares into the share's account, 40% of the total underlying shares held by the scheme will vest.

– Third vesting tranche: 36 months after the date of the Company's announcement regarding the transfer of the underlying shares into the share's account, the remaining 30% of the total underlying shares held by the scheme will vest.

Share acquired under this share option scheme that are derived from entitlements such as share dividends or capitalisation of capital reserves shall also be subject to the same lock-up arrangements as described above.

Details of the movements of share options are as follows:

				Number of share options		
Participants	**Date of grant**	**Exercise period**	**Exercise price per share**	**Balance as at 1 January 2025**	**Granted during the year**	**Balance as at 31 December 2025**
			RMB			
Executive director	6 December 2025	6 December 2026 - 5 December 2030	55.35	–	80,000	80,000
Employees	6 December 2025	6 December 2026 - 5 December 2030	55.35	–	916,200	916,200
				–		
				–	996,200	996,200
Weighted average exercise price (RMB)				–		55.35

				Number of share options			
Participants	Date of grant	Exercise period	Exercise price per share	Balance as at 1 January 2026	Capital reserve capitalisation during the year	Lapsed during the year	Balance as at 30 June 2026
			RMB				
Executive director	6 December 2025	6 December 2026 - 5 December 2030	55.35	80,000	24,000	–	104,000
Employees	6 December 2025	6 December 2026 - 5 December 2030	55.35	916,200	274,860	(4,420)	1,186,640
				996,200	298,860	(4,420)	1,290,640
Weight average exercise price (RMB)				55.35			55.35

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Interest payables	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,504	178,427	24,413	204,344
Changes from financing cash flows	(5,133)	(158,627)	(3,008)	(166,768)
Interest expense	3,647	–	987	4,634
Exchange difference	–	–	(716)	(716)
At 31 December 2023 and 1 January 2024	18	19,800	21,676	41,494
Changes from financing cash flows	(284)	(19,800)	(3,289)	(23,373)
New leases	–	–	5,623	5,623
Interest expense	266	–	961	1,227
Exchange difference	–	–	101	101
At 31 December 2024 and 1 January 2025	–	–	25,072	25,072
Changes from financing cash flows	(6,418)	500,942	(16,787)	477,737
New leases	–	–	13,990	13,990
Lease termination	–	–	(18,193)	(18,193)
Interest expense	6,644	–	1,758	8,402
Acquisition of subsidiaries	67	33,256	27,776	61,099
Exchange difference	–	–	(1,263)	(1,263)
At 31 December 2025 and 1 January 2026	293	534,198	32,353	566,844
Changes from financing cash flows	(4,737)	(982)	(4,410)	(10,129)
New leases	–	–	1,776	1,776
Interest expense	5,857	–	771	6,628
Exchange difference	(803)	(824)	8	(1,619)
At 30 June 2026	610	532,392	30,498	563,500

	Interest payables	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	–	–	25,072	25,072
Changes from financing cash flows	(527)	274,232	(3,422)	270,283
New leases	–	–	4,312	4,312
Interest expense	1,358	–	668	2,026
Acquisition of subsidiaries	67	33,256	27,776	61,099
Exchange difference	–	(35)	(92)	(127)
At 30 June 2025 (unaudited)	898	307,453	54,314	362,665

37. COMMITMENTS

The Group had the following contractual commitments at 31 December 2023, 2024, 2025 and 30 June 2026:

	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment commitments:				
– Authorised, but not contracted	581,812	553,058	398,606	344,026
Capital contribution to equity investment	–	–	–	55,300
	581,812	553,058	398,606	399,326

38. CONTINGENT LIABILITIES

At the end of Track Record Period, the Group did not have any significant contingent liabilities.

39. PLEDGE OF ASSETS

Details of the assets pledged for the Group's interest-bearing bank and other borrowings and issuance of bank acceptance notes are included in notes 15, 16, 27 and 31 to the Historical Financial Information.

40. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following related parties during the Track Record Period:

Name of Related parties	Relationship between related parties and the Company
Zhejiang Rongtai Technical Industry Co., Ltd.	Entity under common control of the largest shareholder
Mr. Ge Tairong	The ultimate controlling shareholder
Ms. Cao Meisheng	The ultimate controlling shareholder
Mr. Huang Mingtao	The minority shareholder of subsidiary
Ms. Wu Xiaohua	The immediate family member of the minority shareholder of subsidiary
Kingly Gear	An associate company

(b) Transactions with related parties:

The Group had the following transactions with related parties during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchase from a related company	973	640	309	125	141
Purchase from an associate company	–	–	–	–	352
	973	640	309	125	493

The Company had the following transactions with related parties during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchase from a related company	973	640	309	125	141

(c) Outstanding balances with related parties:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to a related company*	–	63	–	–
Amounts due to an associate company*	–	–	–	367
	–	63	–	367

* The amounts are in trade nature, unsecured, non-interest bearing and aged within one year at the end of the Track Record Periods.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from subsidiaries	84,067	223,245	217,459	96,958
Amounts due to subsidiaries	14,915	72,306	70,565	18,406

(d) Compensation of key management personnel

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	3,453	4,311	5,046	2,381	2,044
Performance related bonuses	994	1,170	1,023	585	498
Retirement benefit scheme contributions	138	134	284	76	63
Share-based payments	110	110	592	55	845
Total	4,695	5,725	6,945	3,097	3,450

Further details of directors' emoluments are included in note 11 to the Historical Financial Information.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Track Record Period are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	RMB'000	*RMB'000*
Trade and notes receivables	–	226,877
Financial assets at fair value through other comprehensive income	23,255	–
Financial assets included in prepayments and other receivables	–	3,803
Bank and cash balances	–	1,022,671
Total	23,255	1,253,351

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	183,415
Financial liabilities included in other payables and accruals	421
Interest-bearing bank and other borrowings	19,800
Total	203,636

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes receivables	–	–	277,334	277,334
Financial assets at fair value through other comprehensive income	15,402	–	–	15,402
Financial assets included in prepayments and other receivables	–	–	3,683	3,683
Financial assets at fair value through profit or loss	–	220,191	–	220,191
Other non-current assets – large certificates of bank deposits	–	–	200,000	200,000
Prepayments and other receivables – large certificates of bank deposits	–	–	50,000	50,000
Bank and cash balances	–	–	583,826	583,826
Total	15,402	220,191	1,114,843	1,350,436

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	271,252
Financial liabilities included in other payables and accruals	630
Total	271,882

As at 31 December 2025

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes receivables	–	–	364,317	364,317
Financial assets at fair value through other comprehensive income	46,232	–	–	46,232
Financial assets included in prepayments and other receivables	–	–	2,659	2,659
Financial assets at fair value through profit or loss	–	434,981	–	434,981
Other non-current assets – large certificates of bank deposits	–	–	216,824	216,824
Bank and cash balances	–	–	474,103	474,103
Total	46,232	434,981	1,057,903	1,539,116

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables	317,124	–	317,124
Financial liabilities included in other payables and accruals	62,061	36,212	98,273
Interest-bearing bank and other borrowings	534,198	–	534,198
Total	913,383	36,212	949,595

As at 30 June 2026

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes receivables	–	–	394,686	394,686
Financial assets at fair value through other comprehensive income	31,361	–	–	31,361
Financial assets included in prepayments and other receivables	–	–	2,814	2,814
Financial assets at fair value through profit or loss	–	378,825	–	378,825
Other non-current assets – large certificates of bank deposits	–	–	356,424	356,424
Financial assets at fair value through profit or loss (expected holding period over one year)	5,000	–	–	5,000
Bank and cash balances	–	–	367,538	367,538
Total	36,361	378,825	1,121,462	1,536,648

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables	449,691	–	449,691
Financial liabilities included in other payables and accruals	65,542	24,142	89,684
Interest-bearing bank and other borrowings	532,392	–	532,392
Derivative financial instruments	–	330	330
Total	1,047,625	24,472	1,072,097

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and notes receivables, financial assets included in prepayments and other receivables, trade and notes payables, financial liabilities included in other payables and accruals, and current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments. The non-current portion of interest-bearing bank borrowings approximate to their carrying amounts mainly due to the floating interest rate.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The 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 following methods and assumptions were used to estimate the fair values:

The fair values of the notes receivable classified as financial assets at fair value through other comprehensive income under IFRS 9 as at the end of each of the Track Record Period have been calculated by discounting the expected future cash flows, which are the par values of the notes receivable. In addition, the notes receivable will mature within one year, and thus their fair values approximate to their carrying values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Fair value measurement using			
	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*
As at 31 December 2023				
Financial assets at fair value through other comprehensive income – notes receivables	–	23,255	–	23,255
Total	–	23,255	–	23,255
As at 31 December 2024				
Financial assets at fair value through other comprehensive income – notes receivables	–	15,402	–	15,402
Financial assets at fair value through profit or loss	–	220,191	–	220,191
Total	–	235,593	–	235,593
As at 31 December 2025				
Financial assets at fair value through other comprehensive income – notes receivables	–	46,232	–	46,232
Financial assets at fair value through profit or loss	–	434,981	–	434,981
Total	–	481,213	–	481,213

	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*
As at 30 June 2026				
Financial assets at fair value through other comprehensive income – notes receivables	–	31,361	–	31,361
Financial assets at fair value through profit or loss	–	378,825	–	378,825
Financial assets at fair value through profit or loss (expected holding period over one year)	–	5,000	–	5,000
Total	–	415,186	–	415,186

As for the notes held by the Company, given their short remaining maturity and the expectation of sale through endorsement, their fair value is determined based on the face amount. For the commercial bank's financing products, fair value is determined using valuation techniques. The valuation model employed is based on market quotes for instruments of a similar type. The inputs to the valuation techniques primarily include the observed values of the underlying references and the expected rate of return as stipulated in the contract.

A 5% increase/decrease in the fair value of the commercial bank's financing products, holding all other variable constant, would increase/decrease the carrying amount of these financing products by RMB11,010,000, RMB21,749,000 and RMB19,191,000 as at 31 December 2024 and 2025 and 30 June 2026, respectively.

Liabilities measured at fair value

	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*
As at 31 December 2025				
Financial liabilities at fair value through profit or loss – contingent consideration payables	–	–	36,212	36,212
Total	–	–	36,212	36,212
As at 30 June 2026				
Financial liabilities at fair value through profit or loss – contingent consideration payables	–	–	24,142	24,142
Derivative financial instruments	–	330	–	330
Total	–	330	24,142	24,472

The Group did not have any financial liabilities measured at fair value as at 31 December 2023 and 2024.

The fair value of contingent consideration payable measured at fair value through profit or loss is calculated by discounting the expected future cash flows. The fair value measurement is negatively correlated to discount rate. The discount rate is determined according to market expected return rate.

The contingent consideration payables, which are classified as Level 3 fair value measurements, are valued using the discount cash flow method based on the acquiree's forecasted financial performance over the earn-out period. The significant unobservable inputs used as at 31 December 2025 and 30 June 2026 are: (i) weighted probability to achieve performance target and (ii) discount rate. Regarding the sensitivity of the fair value to changes

in these inputs: for the weighted probability to achieve the performance target, the higher the weighted probability, the higher the fair value of the contingent consideration, and vice versa; for the discount rate, the higher the discount rate, the lower the fair value of the contingent consideration, and vice versa. There was not materially different between carrying amount and fair value as at 31 December 2025 and 30 June 2026.

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 for both financial assets and financial liabilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables and trade and notes payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward exchange contracts. The purpose is to manage the foreign currency risk arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are 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.

Foreign currency risk

The Group has transactional exchange rate risk exposures mainly arising from sales or purchases in currencies other than the functional currencies. The Group has subsidiaries using USD and EUR as their functional currencies. These subsidiaries have transactions in currencies other than their functional currencies. The Group adopts an overall management on its foreign exchange business, and reduce its exchange rate exposures using forward foreign exchange contracts based on the market trend as necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate of USD, EUR and THB with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in foreign currency rate	(Decrease)/increase in profit before tax
	%	*RMB'000*
31 December 2023		
If RMB weakens against USD and EUR	5%	(15,249)
If RMB strengthens against USD and EUR	(5%)	15,249
31 December 2024		
If RMB weakens against USD and EUR	5%	(7,698)
If RMB strengthens against USD and EUR	(5%)	7,698
31 December 2025		
If RMB weakens against USD and THB	5%	(17,506)
If RMB strengthens against USD and THB	(5%)	17,506
30 June 2026		
If RMB weakens against USD and THB	5%	(14,358)
If RMB strengthens against USD and THB	(5%)	14,358

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Track Record Period. 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 notes receivables	–	–	–	226,877	226,877
Financial assets included in prepayments and other receivables	3,803	–	–	–	3,803
Bank and cash balances	1,022,671	–	–	–	1,022,671
Total	1,026,474	–	–	226,877	1,253,351

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 notes receivables	–	–	–	277,334	277,334
Financial assets included in prepayments and other receivables	3,683	–	–	–	3,683
Bank and cash balances	583,826	–	–	–	583,826
Total	587,509	–	–	277,334	864,843

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 notes receivables	–	–	–	364,317	364,317
Financial assets included in prepayments and other receivables	2,659	–	–	–	2,659
Bank and cash balances	474,103	–	–	–	474,103
Total	476,762	–	–	364,317	841,079

As at 30 June 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 notes receivables	–	–	–	394,686	394,686
Financial assets included in prepayments and other receivables	2,814	–	–	–	2,814
Bank and cash balances	367,538	–	–	–	367,538
Total	370,352	–	–	394,686	765,038

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings to meet its working capital requirements.

The maturity profile of the Group's financial liabilities as at the end of each of the Track Record Period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	183,415	–	–	–	183,415
Financial liabilities included in other payables and accruals	18	–	–	–	18
Interest-bearing bank and other borrowings	19,818	–	–	–	19,818
Lease liabilities	2,978	2,978	8,935	11,168	26,059
	206,229	2,978	8,935	11,168	229,310

As at 31 December 2024

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	271,252	–	–	–	271,252
Lease liabilities	5,021	5,021	10,567	8,312	28,921
	276,273	5,021	10,567	8,312	300,173

As at 31 December 2025

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	317,124	–	–	–	317,124
Financial liabilities included in other payables and accruals	59,675	22,056	16,542	–	98,273
Interest-bearing bank and other borrowings	539,386	–	–	–	539,386
Lease liabilities	9,434	9,199	17,288	–	35,921
	925,619	31,255	33,830	–	990,704

As at 30 June 2026

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	449,691	–	–	–	449,691
Financial liabilities included in other payables and accruals	51,086	22,056	16,542	–	89,684
Interest-bearing bank and other borrowings	540,177	–	–	–	540,177
Lease liabilities	10,547	7,526	15,191	–	33,264
	1,051,501	29,582	31,733	–	1,112,816

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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new capitals.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the Track Record Period are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	19,800	–	534,198	532,392
Lease liabilities	21,676	25,072	32,353	30,498
Less: Cash and cash equivalents	(1,022,671)	(583,826)	(473,820)	(367,538)
Net debt	(981,195)	(558,754)	92,731	195,352
Equity attributable to owners of the parent	1,661,442	1,830,895	2,037,211	2,099,336
Capital and net debt	680,247	1,272,141	2,129,942	2,294,688
Gearing ratio	N/A	N/A	4%	9%

44. ACQUISITIONS

Acquisitions of Dizi Precision

Pursuant to the Equity Transfer Agreement entered into in April 2025, the Company agreed to purchase a total of approximately 41.2% equity interest in Dizi Precision from the several third parties ("Selling Shareholders of Dizi Precision") for a consideration of RMB164,800,000. Concurrently with the equity transfer, the Company made a cash contribution of RMB80,000,000 to the Dizi Precision, among which RMB14,896,000 was allocated to subscribe for the newly increased registered capital of Dizi Precision and the remaining RMB65,104,000 was credited to the capital reserve of the Dizi Precision. Before the acquisition, the Group paid RMB10,000,000 as the deposit to the Dizi Precision, which became capital injection after the acquisition. Then, the Group paid the first instalment of cash consideration of RMB128,588,000 to the Selling Shareholders of Dizi Precision, and the remaining considerations in aggregate of RMB36,212,000 are to be paid in three tranches, which will be depending on the achievement of the following performance targets: The net profits of Dizi Precision for the years ending 31 December 2025, 2026 and 2027 shall be no less than RMB8,000,000, RMB27,000,000 and RMB35,000,000. After that, the Company paid the RMB70,000,000 to Dizi Precision for capital injection. Upon the completion of the aforementioned equity transfer and capital increase in June 2025, the Company holds 51% equity interest in Dizi Precision. Dizi Precision is principally engaged in the research and development, design, manufacturing and sales of precision structural components. In April 2026, the Group paid the first instalment of cash consideration of RMB12,070,000, as Dizi Precision achieved the performance target for the year ended 31 December 2025.

The fair value of the identifiable assets and liabilities of Dizi Precision acquired as at its date of acquisition on 1 June 2025 is as follows:

	Fair value recognised on acquisition
	RMB'000
Property, plant and equipment	43,825
Right-of-use assets	25,860
Other intangible assets	16,145
Deferred tax assets	1,634
Other non-current assets	5,112
Inventories	63,348
Trade and notes receivables	39,520
Prepayments and other receivables	73,535
Cash and cash equivalents	4,132
Trade and notes payables	(10,916)
Other payables and accruals	(7,028)
Contract liabilities	(1,540)
Interest-bearing bank and other borrowings	(33,256)
Lease liabilities	(27,776)
Deferred tax liabilities	(3,355)
Total identifiable net assets at fair value	189,240
Non-controlling interests	(94,182)
Net assets acquired	95,058
Recognition of goodwill	149,742
Total consideration	244,800

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

Consideration	(244,800)
Cash and cash equivalents acquired	4,132
Capital injection to the subsidiary	70,000
Recognised in other payables	36,212
Total net cash outflow	(134,456)

The fair value of the trade and notes receivables and other receivables acquired is RMB41,156,000. The gross amount due under the contracts is RMB44,716,000, of which RMB3,560,000 is expected to be uncollectible.

Since the acquisition, Dizi Precision contributed RMB79,796,000 to the Group's revenue and profit of RMB7,317,000 to the Group's consolidated profit for the year ended 31 December 2025.

If the acquisition had been completed on 1 January 2025, total Group revenue for the year would have been RMB1,417,736,000, and profit for the year would have been RMB284,474,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is intended to be a projection of future results.

45. MATERIAL NON-WHOLLY-OWNED SUBSIDIARIES

The following table shows information of subsidiaries that have non-controlling interest ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Dizi Precision Group			
	As at 31 December			As at 30 June
	2023	2024	2025	2026
Principal place of business/country of incorporation	PRC/PRC			
% of ownership interests/voting rights held by NCI	N/A	N/A	49%/49%	49%/49%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December/30 June:				
Non-current assets	N/A	N/A	105,965	126,387
Current assets	N/A	N/A	165,881	171,143
Non-current liabilities	N/A	N/A	(24,112)	(26,096)
Current liabilities	N/A	N/A	(57,177)	(68,467)
Net assets	N/A	N/A	190,557	202,967
Accumulated NCI	N/A	N/A	95,150	101,196
Year ended 31 December/Period ended 30 June				
Revenue	N/A	N/A	79,796	86,890
Profit	N/A	N/A	7,317	16,735
Total comprehensive income	N/A	N/A	7,317	16,735
Profit allocated to NCI	N/A	N/A	3,614	6,046
Net cash generated from operating activities	N/A	N/A	15,266	15,707
Net cash used in investing activities	N/A	N/A	(65,533)	(13,067)
Net cash generated from financing activities	N/A	N/A	58,590	(2,837)
Net increase in cash and cash equivalents	N/A	N/A	8,323	(197)

46. EVENTS AFTER THE REPORTING PERIOD

On 15 July 2026, the Group completed the investment in Shenzhen Uchuang Smart Device Co., Ltd. (the "Uchuang Smart"), with a total consideration of RMB85.30 million. The Group acquired an equity interest of 10.0358% in Uchuang Smart. The Group has significant influence over the operating and financial policies of Uchuang Smart, and therefore, this investment is accounted for as an investment in an associate of the Group.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any periods subsequent to 30 June 2026 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Group in respect of any period subsequent to 30 June 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of H shares are subject to the laws and practices of the PRC and of the jurisdictions in which holders of H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, has not taken into account the possible change or amendment to the relevant laws or policies, and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investors in the H shares, nor does it take into account the specific circumstances of any particular investors, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investors in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation in Chinese Mainland

Taxation on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (the "IIT Law"), amended by the SCNPC on August 31, 2018 and effective from January 1, 2019, as well as the Regulation on the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), amended by the State Council on December 18, 2018 and effective from January 1, 2019, PRC enterprises distributing dividends to individual investors are required to withhold income tax at a flat rate of 20%. At the same time, pursuant to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》), issued by the Ministry of Finance, the State Administration of Taxation, and the CSRC on September 7, 2015 and effective from September 8, 2015, where an individual acquires stocks of a listed company from public offering of the company or from the stock trading market and holds the stocks for more than one year, the income from dividends is exempt from individual income tax; where an individual acquires stocks of a listed company from public offering of the company or from the stock trading market and holds the stocks for less than one month, the full amount of the dividend income shall be included in taxable income; or if the holding period exceeds one month but is less than one year, 50% of the dividend income shall be temporarily included in taxable income. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to an individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaties.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), executed between the Chinese Mainland and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol of the State Administration of Taxation (《國家税務總局關於第五議定書》) (the "Fifth Protocol"), issued by the State Administration of Taxation on December 6, 2019 and effective on the same day, provides that such provisions shall not apply to arrangements or transactions made for one of the principle purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (the "EIT Law"), last amended by the SCNPC on December 29, 2018 and came into immediate effect, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), last amended by the State Council on December 6, 2024, a non-resident enterprise is subject to a 10% enterprise income tax on Chinese Mainland-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the Chinese Mainland or has an establishment or place of business in the Chinese Mainland but the Chinese Mainland-sourced income is not actually connected with aforesaid establishment or place of business in the Chinese Mainland. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent. The income tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under the applicable tax treaties on the avoidance of double taxation.

Pursuant to the Notice on Issues Concerning Withholding Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H-share Holders who are Overseas Non-resident Enterprises (《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》) issued by the State Administration of Taxation on November 6, 2008 and effective on the same day, a PRC resident enterprise is required to withhold enterprise income tax at a flat rate of 10% on dividends paid to overseas non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008. In addition, pursuant

to the Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》), promulgated by the State Administration of Taxation on July 24, 2009 and effective on the same day, PRC-resident enterprises listed on Chinese Mainland and overseas stock exchanges by issuing stocks must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC has concluded with a jurisdiction, where applicable.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol of the State Administration of Taxation (《國家稅務總局關於第五議定書》) provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits. Although there may be other provisions under the arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《關於執行稅收協定股息條款有關問題的通知》) issued with immediate effect on February 20, 2009.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H shares (including [**REDACTED**] Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

Tax Related to Share Transfer Income

Individual Investors

According to the IIT Law and its implementation rules, the proceeds from the sale of equity interests in PRC-resident enterprise are subject to income tax at a tax rate of 20%. Pursuant to Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the Ministry of Finance and the State Administration of Taxation on March 30, 1998 and effective on the same day, the income of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax since January 1, 1997. According to the Notice on Relevant Issues Concerning the Individual Income Tax on Individual Income from Transfer of Non-tradable Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on December 31, 2009 and effective on the same day, and the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on November 10, 2010 and implemented on November 10, 2010, starting from January 1, 2010, individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, with the exception of restricted shares.

As at the date of this document, the aforementioned regulations have not explicitly stipulated whether non-PRC resident individuals selling the shares of Chinese resident enterprises listed on overseas stock exchanges are subject to individual income tax. In practice, PRC tax authorities do not levy income tax on income derived by non-PRC resident individuals from the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-resident enterprise is subject to enterprise income tax at the rate of 10% with respect to Chinese Mainland-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or place of business in Chinese Mainland or has an establishment or place of business in Chinese Mainland but the Chinese Mainland-sourced income is not actually connected with such establishment or place of business in Chinese Mainland. The aforementioned income tax payable by non-resident enterprises is subject to source withholding, and the payer is the withholding agent. The income tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under the applicable tax treaties on the avoidance of double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect Taxation Policy

On October 31, 2014 and November 5, 2016, the Ministry of Finance, State Administration of Taxation and CSRC jointly issued Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) and the Notice by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission on the Tax Policies for the Pilot Program of the Mutual Access Mechanism of the Shenzhen and Hong Kong Stock Markets (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) pursuant to which came into effect on November 17, 2014 and December 5, 2016 respectively, and the Circular on the Relevant Taxation Policies regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), pursuant to which, the income from transfer differences and dividend and bonus income derived by a domestic enterprise from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law.

For dividends and bonuses received by individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the "CSDC") for a register of PRC individual investors, and shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

Pursuant to Announcement on the Extension of the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Mutual Stock Market Access Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on August 21, 2023 and effective on the same day, and the Announcement on the Extension of Relevant Preferential Individual Income Tax (《關於延續實施有關個人所得稅優惠政策的公告》) promulgated the Ministry of Finance and the State Administration of Taxation on January 16, 2023 and effective on the same day, the income from transfer differences derived by domestic individual investors from investing in stocks listed on The Stock Exchange of Hong Kong Limited through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, as well as from buying and selling Hong Kong fund shares through mutual recognition of funds, shall continue to be exempted from individual income tax from December 5, 2019 to December 31, 2027.

Stamp Duty

Pursuant to Stamp Tax Law of PRC (《中華人民共和國印花税法》), which was promulgated by the SCNPC on June 10, 2021 and effective on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Non-PRC investors disposing of H shares outside the PRC are not subject to the provisions of Stamp Tax Law of PRC (《中華人民共和國印花税法》).

Estate Tax

According to PRC law, no estate tax is currently levied in the Chinese Mainland.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the Chinese Mainland are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The enterprise income tax rate is 25%. Enterprises that are recognized as high and new technology enterprises in accordance with Notice on Revising and Issuing the Measures for the Administration of the Certification of High-tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on January 29, 2016, are entitled to enjoy a preferential enterprise income tax rate of 15%, under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the original certificate expires.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income derived from the PRC and the aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer is the withholding agent. The income tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

Value-added Tax

Pursuant to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法》), promulgated by the SCNPC on December 25, 2024 and effective from January 1, 2026, and the Detailed Rules for the Implementation of the Interim Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例實施細則》), amended by the Ministry of Finance on October 28, 2011 and effective on November 1, 2011, entities and individuals engaged in the sale of goods, provision of processing, repair and maintenance services (collectively referred to as "services"), sale of services, intangible assets, real estate, and imported goods within China are all value-added tax (VAT) taxpayers and are required to pay VAT. Unless otherwise stipulated by the aforementioned regulations, the VAT rate for the sale of goods, provision of services, leasing of tangible movable property and imported goods is 17%.

According to the Notice on Adjusting Value-added Tax Rate (Caishui [2018] No. 32) (《關於調整增值税税率的通知》(財税[2018]32號)), issued by the Ministry of Finance and the State Administration of Taxation on April 4, 2018, and implemented from May 1, 2018, the tax rates applicable to 17% and 11% for taxpayers engaged in VAT taxable sales or importing goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-added Tax Reform (《關於深化增值税改革有關政策的公告》), issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019, and effective from April 1, 2019, the tax rates of 16% and 10% applicable to the general taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Foreign Exchange

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange, with the authorization of the People's Bank of China (the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According to the Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), last amended by the State Council on August 5, 2008 and immediately effective, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Provisions on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》), promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to Announcement on Reforming the RMB Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》), promulgated by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the RMB exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the RMB against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against RMB transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current account item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》), promulgated by the State Council on October 23, 2014, the approval requirement by the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts is cancelled.

According to the Notice of Issues Concerning the Administration of Funds Related to Overseas Listings of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), promulgated by the People's Bank of China and the State Administration of Foreign Exchange on December 24, 2025 and effective from April 1, 2026, a domestic enterprise that makes an overseas listing shall, within 30 working days from the first trading day of the overseas listing or from the completion of an over-allotment, apply for overseas listing registration to a bank where it is registered.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of 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》), issued on February 13, 2015 and last amended with immediate effect on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. The SAFE and its branches shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目外匯結算管理政策的通知》), issued on June 9, 2016, discretionary foreign exchange settlement applies to foreign exchange capital. The tentative percentage of foreign exchange settlement for foreign currency earnings in the capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), issued by the SAFE on January 26, 2017, it further expands the scope of settlement for domestic foreign exchange loans with export background under goods trading, allows repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allows settlement for domestic foreign exchange accounts of foreign institutions operating in the free trade pilot zones, and adopts the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (2023 revision) (《中華人民共和國立法法(2023修正)》) (the "Legislation Law"), the National People's Congress (the "NPC") and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing state organs, civil and criminal matters, and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to make partial amendments and supplements to laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions need to be approved before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by each of the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and local rules; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on June 10, 1981, the Supreme People's Court shall interpret questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret questions involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Local regulations need to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

PRC JUDICIAL SYSTEM

According to the Constitution and the Organic Law of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》) last amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Court is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts consist of basic people's courts, intermediate people's courts and higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at higher levels shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Organic Law of the People's Procuratorates of the People's Republic of China (《中華人民共和國人民檢察院組織法》) last amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system in the trial of cases, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level find any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the presidents of the people's courts at any level find any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law") last amended by the SCNPC on September 1, 2023 and effective on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the Chinese Mainland must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by written agreement between the parties, provided that the court selected is located at the plaintiff's or the defendant's place of domicile, the place of executing or performing the contract or the object of the action, and the provisions of the Civil Procedure Law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization shall enjoy equal litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens, legal person or other organizations, the PRC court may apply the same limitations to the citizens, legal person or other organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a lawyer from Chinese Mainland if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's courts and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court is detrimental to the PRC's sovereignty, security or public interest, the people's court shall not enforce it.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the Chinese Mainland or whose property is not within the Chinese Mainland, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the Chinese Mainland enforcement procedures if the Chinese Mainland has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, OVERSEAS LISTING MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock company incorporated in the PRC seeking to list on the Hong Kong Stock Exchange shall mainly comply with the following laws and regulations of the PRC:

The Company Law of the People's Republic of China, which was promulgated by the SCNPC on December 29, 1993 and came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revised version of which was implemented on July 1, 2024.

The Overseas Listing Measures, namely the Overseas Listing Trial Measures and its five interpretative guidelines, which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023 and were applicable to the direct or indirect overseas offering or listing of PRC domestic companies' securities.

According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidelines for Articles of Association"), which was last amended by the CSRC and came into effect on March 28, 2025.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

A joint stock company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock company shall conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock company may be incorporated by promotion or subscription. A joint stock company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or an intellectual property right, land use rights, shareholding or claims.

The Overseas Listing Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or RMB.

Under the Overseas Listing Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and entrust the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Under the Company Law, a joint stock company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock company shall be based on the principles of fairness and impartiality. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issuing and listing overseas shall file with the CSRC in accordance with Overseas Listing Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to original shareholders, if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and publish the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) to prepare a balance sheet and a property list;

(ii) a company makes a resolution at a shareholders' meeting to reduce its registered capital;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Repurchase of Shares

Under the Company Law, a company shall not purchase its own shares except for the following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stocks plan or equity incentives;

(iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of the company, the right to demand the company to acquire the shares held by them;

(v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the items (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the items (iii), (v) and (vi) above shall be subject to the resolution of the board meetings attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of purchase in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share held accumulatively by the company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within 3 years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock company should affect a transfer of his shares on an established securities exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be effected during a period of 20 days prior to the convening of shareholder's meeting or 5 days prior to the record date for a company's distribution of dividends. However, If laws specify otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within 1 year from the date on which the shares of the company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within 1 year from the date of a company's listing on a securities exchange, nor within 6 months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and the Guidelines for the Articles of Association, the rights of holders of ordinary shares of a joint stock company include:

(i) to receive dividends and other profit distributions on the basis of the number of shares held by them;

(ii) to request, convene, hold, participate or send proxy to attend shareholders' meeting, and exercise corresponding voting rights in accordance with the law;

(iii) to monitor, make suggestions or question the company's operation;

(iv) to inspect, reproduce the articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of the Board meetings and financial and accounting reports. Eligible shareholders may also inspect the accounting books and accounting vouchers of the company;

(v) when the company terminates or liquidates, receive his/her share of remaining assets of the company according to the shares held;

(vi) if a shareholder dissents from the merger or division of the company at a shareholders' meeting, he/she may request the company to buy back his/her shares;

(vii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include:

(i) to abide by laws, administrative regulations and the articles of association;

(ii) to pay share capital according to the number of shares subscribed for and the method of payment;

(iii) not to withdraw the share capital except for circumstances stipulated by the laws and regulations;

(iv) not to abuse its shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

(v) other obligations that shall be assumed as stipulated by laws, administrative regulations and the articles of association.

Shareholder's Meetings

Under the Company Law, the shareholders' meeting of a joint stock company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers in accordance with the law:

(i) to elect and replace directors and to decide on matters relating to the remuneration of directors;

(ii) to examine and approve reports of the board of directors;

(iii) to examine and approve reports of the supervisory committee;

(iv) to examine and approve the company's profit distribution plans and loss recovery plans;

(v) to decide on any increase or decrease of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on the merger, division, dissolution, liquidation or change of corporate form of the company;

(viii) to amend the articles of association;

(ix) to decide on the appointment, dismissal of accounting firms by the company;

(x) to consider and approve the guarantee issues as prescribed in article 47 of the articles of association;

(xi) to consider matters relating to the purchases and disposals of material assets, which are more than 30% of the latest audited total assets of the company, within one (1) year;

(xii) to consider and approve matters relating to changes in the use of proceeds;

(xiii) to review the share incentive plan and employee shareholding scheme;

(xiv) to examine other matters which shall be decided by the shareholders' meeting as required by the laws, administrative regulations, departmental rules, or the articles of association.

Under the Company Law, annual shareholders' meetings shall be held once every year. An extraordinary shareholders' meeting is required to be held within 2 months after the occurrence of any of the following circumstances:

(i) where the number of directors in office is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the articles of association;

(ii) where the uncovered losses of the company reach one-third of the total paid-in share capital;

(iii) where shareholders who individually or jointly hold no less than 10% of the shares of the company request such a meeting;

(iv) where the board of directors deems it necessary;

(v) where the supervisory committee proposes such a meeting;

(vi) other circumstances prescribed by the articles of association.

Shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

The board of directors shall timely convene the shareholders' meeting within the prescribed period.

If the board of directors is incapable of performing or is not performing its duties to convene the shareholders' meeting, the supervisory committee should convene and preside over shareholders' meeting in a timely manner. If the supervisory committee fails to convene and preside over shareholders' meeting, shareholders individually or collectively holding more than 10% of the company's shares for more than 90 days consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who individually or collectively hold more than 10% of the shares of the company request to convene an extraordinary shareholders' meeting, the board of directors should, within 10 days after the receipt of such request, decide whether to hold an extraordinary shareholders' meeting and reply to the shareholders in writing.

Notice of meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or collectively hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the shareholders' meeting. The board of directors shall notify other shareholders within 2 days after receiving the proposal and submit the interim proposal to the shareholders' meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of class shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the cumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board of Directors

Under the Company Law, a joint stock company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed 3 years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. The board of directors exercises the following functions and powers:

(i) to convene shareholder's meetings and report its work to the shareholders' meetings;

(ii) to implement the resolutions of the shareholder's meeting;

(iii) to decide on a company's business plans and investment plans;

(iv) to formulate a company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vi) to formulate plans for merger, division, dissolution or change of corporate form of a company;

(vii) to decide on the internal management structure of a company;

(viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(ix) to formulate a company's basic management system; and

(x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

The board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorization to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association and resolutions of shareholders' meeting, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is:

(i) a person without capacity or with restricted capacity;

(ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) a person who was legal representative of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who was personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) being listed as one of dishonest persons subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairperson, who shall be elected by more than half of all the directors. The chairperson shall exercise the following functions and powers (including but not limited to): (i) to preside over shareholders' meetings and convene and preside over board meetings; and (ii) to examine the implementation of resolutions of the board of directors; (iii) to exercise other powers conferred by the board of directors.

Supervisory Committee

A joint stock company may establish an audit committee composed of directors of the board of directors in accordance with the articles of association which exercises the functions of the supervisory committee specified by the law and is not required to have a supervisory committee.

A joint stock company that is small or has a small number of shareholders is not required to establish a supervisory committee but shall have one supervisor who exercises the functions of the supervisory committee as specified by the law.

Except for the above-mentioned two special circumstances, a joint stock company shall have a supervisory committee composed of not less than three members. The supervisory committee is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the supervisory committee shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise. A director and a senior management shall not serve concurrently as a supervisor.

The supervisory committee shall convene a meeting at least every six months. According to the Company Law, the supervisory committee shall make resolutions with the consent of more than half of all the supervisors.

The supervisory committee exercises the following functions and power:

(i) to review the company's financial affairs;

(ii) to monitor the acts of directors and senior management in the performance of their duties, and to propose to remove any director or senior management who violates any law, administrative regulation, the articles of association or any resolution of the shareholders' meetings;

(iii) to require any director or senior management whose behavior damages the company's interests to make corrections;

(iv) to propose an extraordinary general meeting and to convene and preside over the shareholders' meeting when the board of directors fails to perform its duty to convene and preside over a shareholders' meeting prescribed in the Company Law;

(v) to submit proposals to the shareholders' meetings;

(vi) to bring a lawsuit against any director or senior management in accordance with the Company Law;

(vii) other powers and functions stipulated by the articles of association.

According to Guidelines for Articles of Association, the company's board of directors shall establish an audit committee to exercise the supervisory authority stipulated by the Company Law.

Manager and Senior Management

Pursuant to the Company Law, a company may have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and exercises his/her functions and power according to the articles of association of the company or as delegated by the board of directors. The manager attends the meetings of the board of directors.

According to the Company Law, senior management shall mean the manager, deputy manager, person-in-charge of finance, board secretary of the company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management shall not take advantage of his/her power to accept bribes or other illegal income, and shall not embezzle the property of the company.

Directors, supervisors and senior management shall not engage in the following acts:

(i) embezzling the property of the company and misappropriating the funds of the company;

(ii) depositing the company's capital into accounts under his/her own name or the name of other individuals;

(iii) taking advantage of power to accept bribes or other illegal income;

(iv) accepting and possessing commissions paid by a third party for transactions conducted with the company;

(v) unauthorized divulgence of confidential information of the company;

(vi) other acts in violation of the duty of loyalty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, subject to the approval of the board of directors or shareholders' meeting by a resolution according to the articles of association.

The provisions of the preceding paragraph shall apply if any close relatives of directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by directors, supervisors or senior management or any of their close relatives, or any parties otherwise having related-party relationship with directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association;

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Directors, supervisors and senior management shall not conduct the same kind of business as the company they serve, either on their own behalf or on behalf of others, without reporting to the board of directors or the shareholders' meeting, and approval by the board of directors or resolution at the shareholders' meeting according to the articles of association.

Directors, supervisors and senior management who contravene any law, administrative regulation or the articles of association in the performance of his/her duties and result in any loss to the company shall be liable for compensation.

According to the Guidelines for the Articles of Association, directors and senior management owe the company duties of loyalty and diligence.

Finance and Accounting

Under the Company Law, the company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve fund in accordance with the provisions of the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

After making up for losses and appropriation to reserve funds, a joint stock company shall distribute the remaining profit after tax to shareholders in proportion to their shareholdings, unless otherwise stipulated in the articles of association.

The premium received through issuance of shares at prices above par value, the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital, and other items required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund. The company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company.

Where the reserve fund of the company is used for making up losses, the discretionary reserve fund and statutory reserve fund shall be firstly used. If losses still cannot be made up, the capital reserve fund can be used according to the provisions. When the statutory reserve fund is converted to increase the registered capital, the balance of this statutory reserve shall not be less than 25% of the registered capital of the company before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by the shareholders' meeting, the board of directors or the supervisory committee in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the supervisory committee conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

According to the Guidelines for Articles of Association, the company shall guarantee to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information. The audit fee of the accounting firm shall be decided by the shareholders' meeting.

Distribution of Profits

Where the company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors and senior management who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, the company shall be dissolved for the following reasons:

(i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders' meeting resolves to dissolve the company;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or the company is ordered to close down or is revoked in accordance with laws;

(v) the people's court orders dissolution in accordance with Article 231 of the Company Law.

If any of the dissolution causes as mentioned in the preceding paragraph arises, the company shall publicize it through the National Enterprise Credit Information Publicity System within 10 days.

Where the company falls under the circumstance of items (i) or (ii) above and has not yet distributed the assets to the shareholders, it may continue to exist by modifying the articles of association or upon a resolution of the shareholders' meeting. To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions, the consent of more than two-thirds of the voting rights of the shareholders who attend the shareholders' meeting is required for a joint-stock company.

Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, interested party may request the people's court to designate relevant persons to form a liquidation group to conduct liquidation. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and power during the liquidation period:

(i) to liquidate the company's property and prepare the balance sheet and the inventory of assets, respectively;

(ii) to notify creditors by notice or public announcement;

(iii) to deal with the outstanding business of the company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) to distribute the remaining property of the company after paying off debts;

(vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within 10 days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

For a joint stock company, the remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having examined the company's assets and having prepared the balance sheet and the inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court. Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration. The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation. Where, after three years since the business license of the company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of not less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Overseas Listing Measures, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to provisions in the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing.

The Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law") was last amended by the SCNPC on December 28, 2019, and came into effect on March 1, 2020. The Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Securities Law and Regulations

The PRC has promulgated a series of laws and regulations to share issuance and trading as well as information disclosure. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee shall be responsible for coordinating the drafting of relevant laws and regulations on securities, formulating policies on securities matters, planning the development of the securities market, guiding, coordinating and supervising all institutions involved in securities matters in the PRC and managing the CSRC. The CSRC is the regulatory body of the Securities Committee and is responsible for drafting regulations on the supervision of the securities markets, supervising securities companies, supervising the public issuance of securities by Chinese companies in China or abroad, managing securities trading, compiling statistics on securities, and conducting research and

analysis. In 1998, the Securities Committee was abolished by the State Council and its functions were undertaken by the CSRC. The CSRC is also responsible for the regulation and supervision of the national stock and futures markets in accordance with relevant laws, regulations and authorities.

The Interim Provisions on the Management of the Issuing and Trading of Stocks (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Securities Law took effect on July 1, 1999, was last amended on December 28, 2019 and took effect on March 1, 2020. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law stipulates that domestic enterprises issuing securities directly or indirectly abroad or listing and trading their securities abroad shall comply with the relevant provisions of the State Council; Article 225 stipulates that the specific terms for subscription and transaction of shares of companies in the PRC in foreign currencies shall be separately stipulated by the State Council. Currently, the issue and trading of foreign-issued securities (including H shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (hereinafter referred to as the "PRC Arbitration Law") was promulgated by the SCNPC on August 31, 1994, effective on September 1, 1995, last amended on September 12, 2025 and effective on March 1, 2026. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, the people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and the Civil Procedure Law, an arbitral award shall be final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. The people's court may refuse to enforce an arbitral award made by the arbitration commission if there is any irregularity in the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

One party seeking to enforce an arbitral award of the PRC arbitration committee against the other party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (hereinafter referred to as the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the SCNPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the SCNPC simultaneously with the accession of the New York Convention that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity; and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangements of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated on May 18, 2021 and effective on May 19, 2021, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

This appendix is primarily intended to provide potential investors with an overview of the Articles of Association; as it is only a summary, it does not include all contents that may be material to potential investors.

ISSUANCE OF SHARES

The shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights. Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual subscribing to the shares shall pay the same price for each share.

The Company or its subsidiaries (including its affiliated companies) shall not, by way of a gift, advance, guarantee, compensation, loans etc., provide any assistance to a person who acquires or intends to acquire the shares of the Company, except for the implementation of employee stock ownership plans by the Company.

In the interest of the Company, the Company may, upon a resolution of the shareholders' meeting or a resolution of the Board of Directors (the "Board") in accordance with the Articles of Association or authorization by the shareholders' meeting, and subject to applicable laws and regulations as well as the securities regulatory rules of the place where the Company's shares are listed, and upon fulfilling the relevant procedures as stipulated above, provide financial assistance for others to acquire shares of the Company or its parent company, provided that the aggregate amount of such financial assistance shall not exceed 10% of the total amount of the issued share capital. Any resolution made by the Board in this regard shall be approved by more than two-thirds of all the directors.

INCREASE, DECREASE AND REPURCHASE OF SHARES

In light of the Company's operational and developmental needs, the Company may increase its registered capital in accordance with the laws, regulations and securities regulatory rules of the place where the Company's shares are listed subject to respective resolution of the shareholders' meeting, by following methods:

(i) issuance of shares to non-specific investors;

(ii) issuance of shares to specific investors;

(iii) distribution of bonus shares to existing shareholders;

(iv) converting the reserve funds into share capital;

(v) other means stipulated by the laws, administrative regulations, the CSRC and other securities regulatory authorities of the place where the Company's shares are listed.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures set out in the Company Law, the securities regulatory rules of the place where the Company's shares are listed and other relevant regulations as well as the Articles of Association.

The Company shall not repurchase its own shares, except in any one of the following circumstances:

(i) to reduce the Company's registered capital;

(ii) to merger with other companies holding the Company's shares;

(iii) to use shares for employee stock ownership plans or equity incentives;

(iv) to acquire the shares of shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request;

(v) to use the shares for conversion of corporate bonds issued by the Company that could be converted into its share certificates;

(vi) when it is necessary for the Company to preserve its value and its shareholders' interest.

The Company shall not engage in any activities of dealing in its shares save for the circumstances specified above.

The Company may acquire its own shares by means of public centralized trading or other means that are recognized by laws, administrative regulations, the CSRC and other regulatory authorities of the place where the Company's shares are listed. If the Company repurchases its own shares under the circumstances set out in items (iii), (v) and (vi) of the preceding paragraph, it shall be conducted by means of public centralized trading.

If the Company repurchases its own shares under the circumstances set out in items (i) and (ii) of the preceding paragraph, resolutions related thereto shall be adopted at a shareholders' meeting. If the Company repurchases its own shares under the circumstances set out in items (iii), (v) and (vi) of the preceding paragraph, resolutions related thereto shall be adopted at the Board meeting with more than two-thirds of the directors attending subject to securities regulatory rules of the place where the Company's shares are listed.

Subject to compliance with applicable securities regulatory rules of the place where the Company's shares are listed, after the Company repurchases its own shares in accordance with the Articles of Association, if it falls under item (i) above, the shares shall be canceled within 10 days from the date of repurchase; if it falls under items (ii) and (iv), the shares shall be transferred or canceled within 6 months; if it falls under items (iii), (v) and (vi), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and the shares shall be transferred or canceled within 3 years.

TRANSFER OF SHARES

Shares already issued by the Company before the initial public offering of A Shares shall not be transferred within 1 year of the date on which the A Shares of the Company are listed and traded on the stock exchange.

The directors and senior management of the Company shall report to the Company their shareholdings and the changes thereof, and shall not transfer more than 25% of the total shares of the same class of the Company held by them each year during their term of office as determined at the time of appointment; the shares of the Company held by them shall not be transferred within 1 year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their resignations. If the listing rules of the place where the Company's shares are listed contain other provisions regarding the restrictions on the transfer of the Company's shares, such provisions shall prevail.

Where the shareholders holding more than 5% of the Company's shares, directors or senior management members sell the Company's shares or other securities of an equity nature held by them within 6 months after purchase, or repurchase them within 6 months after sale, the proceeds so earned shall belong to the Company, and the Board of the Company shall recover the proceeds, except for the securities companies holding more than 5% of the shares as a result of the purchase of the untaken shares after underwriting and in other circumstances stipulated by the securities regulatory authority under the State Council. If the listing rules of the place where the Company's shares are listed provide otherwise on restrictions on transfers of the Company's shares, such provisions shall prevail.

SHAREHOLDERS

The Company shall establish a register of shareholders based on the certificates provided by the share registrar. The register of shareholders shall be sufficient evidence proving the shareholders' holding of the Company's shares. The original register of holders of H shares listed in Hong Kong shall be maintained in Hong Kong and available for inspection by shareholders, whilst the Company may close the register of shareholders in accordance with the provisions of applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. In the event that any shareholder whose name is recorded in or any person who requests to have his/her name entered in the H Share register loses his/her share certificate(s), he/she may apply to the Company for replacement of new share certificate(s) in respect thereof. Where a H shareholder loses his/her share certificate(s) and applies for replacement, such application shall be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original copy of the H Share register is maintained. Shareholders shall enjoy rights and assume obligations according to the class of shares held by them. Shareholders who hold shares of the same class shall enjoy equal rights and assume equal obligations. For the purpose of this Article, A Shares and H Shares of the Company shall be deemed as shares of the same class.

Shareholders of the Company shall enjoy the following rights: (i) to receive distribution of dividends and other forms of benefits according to the proportion of shares held; (ii) to legally request to convene, preside over, participate in or authorize proxies to attend the shareholders' meeting and exercise corresponding voting rights; (iii) to supervise the operations of the Company, provide suggestions or submit queries; (iv) to transfer, grant or pledge the shares held by them in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the shares are listed and the Articles of Association; (v) to access to and make copy of the Articles of Association, the register of shareholders, minutes of the shareholders' meeting, resolutions of Board meetings, financial and accounting reports, and shareholders who meet the stipulated requirements may inspect the Company's accounting books and accounting vouchers; (vi) 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; (vii) to acquire the shares of shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request; (viii) other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Shareholders who request to inspect the relevant information mentioned in the preceding article or demand materials shall comply with the provisions of laws and administrative regulations such as the Company Law, the Securities Law, and the securities regulatory rules of the place where the Company's shares are listed.

If the content of the resolutions of the shareholders' meeting or the Board is in violation of laws and administrative regulations, shareholders are entitled to request the people's court to invalidate such resolutions. If the procedures for convening and voting method of the shareholders' meeting and the Board meetings are in violation of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association or the content of the resolutions violates the Articles of Association, shareholders may request the people's court to revoke such resolutions within 60 days from the date of the resolutions, except for those with only minor defects in the convening procedures or voting method of a shareholders' meeting or Board meeting and without material impact on resolutions.

If a director other than members of the audit committee or senior management member causes losses to the Company by violating the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association during performance of his/her duties, shareholders who individually or jointly hold more than 1% of the Company's shares for more than 180 consecutive days have the right to request the audit committee in writing to initiate legal proceedings at the people's court; if a member of the audit committee causes losses to the Company by violating the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association during performance of his/her duties, the aforesaid shareholders may request the Board in writing to initiate legal proceedings at the people's court.

If the audit committee or the Board refuses to initiate legal proceedings after receiving the written request from shareholders as stipulated in previous paragraph, or fails to initiate legal proceedings within 30 days since the date of receiving the request, or does not initiate legal proceedings immediately in case of emergency where any delay would cause irreparable losses to the Company's interests, the shareholders as mentioned in previous paragraph have the right to initiate legal proceedings directly at the people's court in their own name for the interests of the Company.

The shareholders of the Company shall assume the following obligations:

(i) to comply with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(ii) to pay capital contribution as per the shares subscribed for and the method of subscription within the prescribed time;

(iii) not to withdraw shares unless in the circumstances stipulated by laws, regulations and the securities regulatory rules of the place where the Company's shares are listed;

(iv) not to abuse shareholder's rights to harm the interests of the Company or other shareholders; not to abuse the Company's position as an independent legal entity or shareholder's limited liability to harm the interests of the creditors of the Company;

(v) to fulfill other obligations stipulated by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If any shareholder of the Company abuses his/her rights, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to the laws. If any shareholder of the Company abuses the Company's position as an independent legal entity or shareholder's limited liability for the purpose of evading repayment of debts, thereby severely damaging the interests of the creditors of the Company, the said shareholder shall bear joint liabilities for the Company's debts.

The controlling shareholders and the *de facto* controllers of the Company shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, the requirements of the CSRC, and the securities regulatory rules of the place where the Company's shares are listed, safeguarding the interests of the Company.

The controlling shareholder or the *de facto* controller who transfers his/her shares in the Company shall comply with the restrictive provisions on the transfer of shares under the laws, administrative regulations, the requirements of the CSRC and the securities regulatory rules of the place where the Company's shares are listed and the stock exchange as well as his/her undertakings in respect of the restriction on the transfer of shares.

SHAREHOLDERS' MEETING

General Rules for the Shareholders' Meeting

The shareholders' meeting of the Company is composed of all shareholders. The shareholders' meeting is the body of power of the Company which exercises the following functions and powers according to laws:

(i) to elect and replace directors and to decide on matters relating to the remuneration of directors;

(ii) to consider and approve reports of the Board;

(iii) to consider and approve the Company's profit distribution plans and plans for making up losses;

(iv) to resolve on increase or reduction in the Company's registered capital;

(v) to resolve on the issuance of corporate bonds;

(vi) to resolve on merger, division, dissolution, liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on appointment and dismissal of an accounting firm conducting the audit for the Company by the Company;

(ix) to consider and approve the guarantees specified in Article 47 of the Articles of Association;

(x) to consider the Company's purchase or disposal of material assets within one year which account for over 30% of the latest audited total assets of the Company;

(xi) to consider and approve matters relating to changes in the use of proceeds;

(xii) to consider equity incentive plan and employee stock ownership plans;

(xiii) to consider all transactions where the Company's percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules of the Hong Kong Stock Exchange relating to percentage ratios are not less than 25% (including one-off transactions and a series of transactions which require combined percentage ratio calculation) and related transactions where the percentage ratios are not less than 5% (including one-off transactions and a series of transactions which require combined percentage ratio calculation);

(xiv) to consider other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association which shall be decided by the shareholders' meeting.

The shareholders' meeting may authorize the Board to make resolutions on the issuance of corporate bonds.

The following external guarantees of the Company shall be considered and approved at the shareholders' meeting:

(i) any guarantee after the aggregate amount of external guarantees provided by the Company and its controlling subsidiaries has exceeded 50% of the latest audited net assets;

(ii) any guarantee after the aggregate amount of external guarantees provided by the Company has exceeded 30% of the latest audited total assets;

(iii) any guarantee provided by the Company to others within one year in an amount exceeding 30% of the latest audited total assets of the Company;

(iv) any guarantee provided to a guaranteed party whose gearing ratio exceeds 70%;

(v) any single guarantee with an amount in excess of 10% of the latest audited net assets;

(vi) any guarantee provided to any shareholder or *de facto* controller or their related parties;

(vii) other guarantees stipulated by the securities regulatory rules of the place where the Company's shares are listed or the stock exchange or the Articles of Association. when the shareholders' meeting reviews resolutions for guarantees provided to shareholders, *de facto* controller, and their related parties, the shareholder in question or the shareholder under the control of the *de facto* controller shall not participate in the voting on such resolutions. The voting on such resolutions shall be passed by a majority of the voting rights held by other shareholders present at the shareholders' meeting.

Shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be held once a year within 6 months after the end of the previous accounting year.

The Company shall convene an extraordinary shareholders' meeting within 2 months from the date of the occurrence of any of the following circumstances:

(i) the number of directors is less than the minimum quorum specified in the Company Law, or less than two-thirds of the number prescribed in the Articles of Association;

(ii) the uncovered losses of the Company reach one-third of its total paid-in share capital;

(iii) the shareholders with 10% or more of shares of the Company individually or jointly request in writing;

(iv) the Board considers it necessary;

(v) the audit committee so proposes;

(vi) other circumstances stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Convening of Shareholders' Meetings

The Board shall convene a shareholders' meeting on time within the prescribed period. Independent directors shall have the right to propose the holding of an extraordinary shareholders' meeting to the Board with the consent of a majority of all independent directors. With respect to the proposal of the independent director requesting the convening of an extraordinary shareholders' meeting, the Board shall give written feedback on whether or not to agree to the convening of an extraordinary shareholders' meeting within 10 days after receiving the proposal, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the Board agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of convening the shareholders' meeting within 5 days after making the resolution of the Board; if the Board does not agree to convene an extraordinary shareholders' meeting, it will state the reasons and make a public announcement.

The audit committee shall have the right to propose to the Board to convene an extraordinary shareholders' meeting and shall make such proposal in writing. The Board shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether or not to agree to the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, it will issue a notice convening the meeting within 5 days after the Board resolution is made; any changes to the original proposal in the notice shall be subject to the approval of the audit committee.

If the Board disagrees to convene the extraordinary shareholders' meeting or fails to provide feedback within 10 days after receiving the proposal, the Board is deemed as unable to perform or failing to perform its duty of convening a shareholders' meeting, in which case, the audit committee may convene and preside over the meeting on its own.

The shareholders individually or collectively holding more than 10% of the Company's shares shall have the right to request the Board to convene an extraordinary shareholders' meeting, which shall be submitted in writing to the Board. The Board shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether or not to agree to the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the request.

If the Board agrees to convene the extraordinary shareholders' meeting, it shall issue a notice convening the meeting within 5 days after the Board resolution is made; any changes to the original request in the notice shall be subject to the approval of relevant shareholders.

If the Board disagrees to convene the extraordinary shareholders' meeting or fails to provide feedback within 10 days after receiving the request, shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to propose to the audit committee to convene an extraordinary shareholders' meeting and shall submit their request in writing.

If the audit committee agrees to convene the extraordinary shareholders' meeting, it shall issue a notice convening the meeting within 5 days upon receipt of the request; any changes to the original proposal in the notice shall be subject to the approval of relevant shareholders.

If the audit committee fails to issue a notice of the shareholders' meeting within the prescribed period, it shall be deemed that the audit committee does not convene and preside over the shareholders' meeting. In such case, shareholders who individually or jointly hold more than 10% of the Company's shares for a consecutive period of 90 days or more may convene and preside over the meeting on their own.

If the audit committee or shareholders decide to convene a shareholders' meeting on their own, they must notify the Board in writing before issuing the meeting notice and simultaneously file the notice with the stock exchange. The audit committee and the convening shareholders shall submit relevant supporting documents to the stock exchange when issuing the notice of shareholders' meeting and publishing an announcement on the resolutions of shareholders' meeting. Prior to the announcement of the resolutions of the shareholders' meeting, the shareholding ratio of the convening shareholders shall not be less than 10%.

Proposals and Notices of Shareholders' Meetings

The Company may convene a shareholders' meeting, and the Board, the audit committee, as well as shareholders who individually or jointly hold more than 1% of the Company's shares, have the right to submit proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may submit a temporary proposal in writing to the convener 10 days prior to the shareholders' meeting. The Company shall not increase the shareholding required for the shareholders to submit the temporary proposals. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal, and submit such temporary proposal to the shareholders' meeting for consideration. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or if it is not within the scope of the shareholders' meeting's authority. If, according to the securities regulatory rules of the place where the Company's shares are listed, the shareholders' meeting must be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the shareholders' meeting, he/she/it shall not modify the proposals already listed in the notice or add new proposals. The shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the shareholders' meeting or that do not comply with the provisions of the Articles of Association.

The convener shall notify each shareholder by announcement 21 days prior to the annual shareholders' meeting, and 15 days prior to the extraordinary shareholders' meeting.

The notice of a shareholders' meeting shall include the following:

(i) the time, place and duration of the meeting;

(ii) the matters and proposals to be considered at the meeting;

(iii) a clear statement specifying that all shareholders, including all ordinary shareholders and shareholders holding special voting shares, have the right to attend the shareholders' meeting, and may entrust a proxy in writing to attend the meeting and vote, and such proxy need not be a shareholder of the Company;

(iv) the equity registration date of the shareholders entitled to attend the shareholders' meeting;

(v) name and telephone number of the permanent contact person for conference affairs;

(vi) time and procedures for voting online or by other means.

Holding of Shareholders' Meetings

Shareholders (including all ordinary shareholders and shareholders holding special voting shares) or their proxies recorded in the register on the equity registration date shall have the right to attend a shareholders' meeting, and they are entitled to exercise voting rights in accordance with the relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association (unless individual shareholders are required to waive their voting rights in respect of individual matters by the securities regulatory rules of the place where the Company's shares are listed). Shareholders may attend the shareholders' meeting in person, or they may appoint a proxy to attend, speak and vote on their behalf.

Shareholders' meetings shall be presided over by the chairman of the Board. Where the chairman of the Board cannot or does not fulfil the duty thereof, a majority of the directors may jointly elect a director to preside over the meeting.

At the shareholders' meeting convened by the audit committee, the convener of the audit committee shall preside over the meeting. When the convener of the audit committee is unable or fails to perform his/her duty, a member of the audit committee jointly elected by more than half of the members of the audit committee shall preside over the meeting.

A shareholders' meeting convened by the shareholders shall be presided over by the convener or a representative recommended by he/she/it. During the course of a shareholders' meeting, if the chairman of the meeting violates the procedural rules such that the meeting cannot proceed, the shareholders at the shareholders' meeting may elect one person to act as the chairman to continue the meeting with the approval of the shareholders present at the meeting with more than half of voting rights.

The Company shall formulate the rules of procedure of the shareholders' meeting to specify in details the convening and voting procedures of the shareholders' meeting, including notice, registration, deliberation of proposal, voting, vote counting, announcement of voting results, formation of resolutions, minutes, the signing thereof and announcement, as well as the principles of authorization by the shareholders' meeting to the Board, of which the contents shall be clear and specific. The rules of procedure of the shareholders' meeting shall be an annex to the Articles of Association and shall be formulated by the Board and approved at the shareholders' meeting.

Voting and Resolutions of Shareholders' Meeting

Resolutions of the shareholders' meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution of a shareholders' meeting shall be passed by over one-half of the voting rights held by the shareholders (including proxies thereof) present at the shareholders' meeting. A special resolution of a shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies thereof) present at the shareholders' meeting.

The following matters shall require the sanction of an ordinary resolution at a shareholders' meeting:

(i) the working reports of the Board;

(ii) plans for distribution of profits and plans for recovery of losses proposed by the Board;

(iii) the appointment and dismissal of the members of the Board and their remuneration and method of payment;

(iv) other matters except those required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association to be approved by special resolution.

The following matters shall require the sanction of a special resolution at a shareholders' meeting:

(i) the increase or decrease in registered capital of the Company;

(ii) the division, spin-off, amalgamation, dissolution and liquidation of the Company;

(iii) the amendments to the Articles of Association;

(iv) the purchase and disposal of material assets or provision of guarantee by the Company within one year in an amount in exceeding 30% of the Company's latest audited total assets;

(v) the share incentive schemes;

(vi) the repurchase of shares by the Company to reduce its registered capital;

(vii) adjustment of the profit distribution policy of the Company;

(viii) the change in the number of voting rights attached to shares with special voting rights, except for converting a corresponding number of shares with special voting rights into ordinary shares in accordance with the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》);

(ix) other matters required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association to be approved by special resolutions, which have been determined by ordinary resolutions at the shareholders' meeting to have significant impact on the Company.

Shareholders (including proxies of shareholders) shall exercise their voting rights according to the number of voting shares they represent, and each share shall have one vote. Where the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

Where material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights at shareholders' meeting.

When relevant related transaction is considered at a shareholders' meeting, the related shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with valid voting rights; the announcement of the resolutions of the shareholders' meeting shall fully disclose the voting of non-related shareholders.

The Board of the Company, independent directors and shareholders holding more than 1% of voting shares or investor protection agencies established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the requirements of the securities regulatory authority under the State Council may, as the caller, by themselves or entrusting securities company, securities service agency, publicly request the shareholders of the Company to entrust them to attend the shareholders' meeting and to exercise the shareholders' rights such as proposal right and voting rights on their behalf. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being collected, and the Company shall cooperate in such disclosures. Consideration or *de facto* consideration for public solicitation of shareholders' rights is prohibited. Except as required by statutory conditions, the Company shall not impose any minimum shareholding limitation for collecting voting rights.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

The directors of the Company may include executive directors, non-executive directors and independent directors. Non-executive directors refer to directors who do not hold management positions in the Company, and independent directors refer to persons who meet the provisions of Article 131 of the Articles of Association (consistent with the meaning of "independent non-executive director" in the Hong Kong Listing Rules). The directors of the Company are natural persons and shall possess the qualifications required by the laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the Company's shares are listed.

The following person shall not serve as a director of the Company:

(i) person without capacity or with limited capacity of civil conduct;

(ii) person who has been sentenced to criminal punishment for embezzlement, bribery, misappropriation of property, diversion of property or disruption of the socialist market economic order, or has been deprived of the political rights for a crime and the period of execution has not exceeded five years or less than two years have passed since the expiration of the probation period if he/she has been pronounced on probation;

(iii) person who was a former director, factory manager or manager of a company or enterprise which was declared bankrupt and was liquidated and who was personally liable for the bankruptcy of such company or enterprise, where less than 3 years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;

(iv) person who was a legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to violation of the law and who was personally liable, where less than 3 years has elapsed since the date of the revocation or order to shut down;

(v) person who has a substantial number of debts due and outstanding and listed as a judgement defaulter by the people's court;

(vi) person who is subject to the CSRC's measures which prohibit him/her from entering into the securities market for a period which has not yet expired;

(vii) the person is publicly deemed by a stock exchange as unsuitable to serve as a director and senior management of a listed company and the term of prohibition has not expired;

(viii) other circumstances specified by the laws, administrative regulations, departmental rules, or securities regulatory rules of the place where the Company's shares are listed.

The election, appointment or engagement of any director in violation of the provisions of this Article shall be invalid and void. Any director who becomes disqualified during his/her term of office pursuant to this Article shall be removed from office by the Company and suspend his/her duties.

Directors shall be elected or replaced at a shareholders' meeting and may be dismissed at a shareholders' meeting before the expiry of his/her term of office. Directors serve a term of office of 3 years for each session and may be re-elected upon expiration of his/her term. If the relevant securities regulatory rules of the place where the Company's shares are listed have separate provisions regarding the re-election of directors, such provisions shall prevail.

The term of office of a director shall commence from the date on which the said director assumes office until the expiry of the term of office of the current session of the Board. A director shall continue to perform his/her duties as a director in accordance with the relevant laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

General manager and other senior management may also concurrently act as director, the number of general manager and other senior management who hold the offices of director shall not be more than half of the total number of directors of the Company.

A director may propose to resign prior to the expiration of his/her term of office. A written resignation report shall be submitted to the Board when a director resigns. The resignation takes effect on the date on which the Company receives the notice, and the Board will disclose the relevant situation within 2 days.

Unless duly authorized by the Articles of Association or the Board, no director shall act on behalf of the Company or the Board in his/her personal capacity. Where a director acts in his/her capacity, such director shall declare in advance his/her position and identity in circumstances where a third party would reasonably believe that such director is acting on behalf of the Company or the Board.

Board of Directors

The Company has established the Board which shall be accountable to the shareholders' meetings. The Board comprises nine directors, including one director who is employee representative, and four independent directors. The Board has one chairman. At least one independent director must ordinarily reside in Hong Kong.

The Board shall exercise the following functions and powers:

(i) to convene shareholders' meetings to present their work reports at such meetings;

(ii) to execute resolutions of the shareholders' meeting;

(iii) to decide on the business and investment plans of the Company;

(iv) to prepare the profit distribution plan and loss makeup plan of the Company;

(v) to prepare plans for the increase or reduction of the registered capital of the Company, the issuance of bonds or other securities and the listing;

(vi) to formulate plans for material acquisitions, purchase of shares of the Company, or merger, division, dissolution and change of corporate form of the Company;

(vii) to decide on external investment, acquisition and disposal of assets, asset mortgages, external guarantee, entrusted financial management, related transactions and external donations within the scope of the authorization granted by the shareholders' meeting;

(viii) to resolve on the establishment of internal management organizations of the Company;

(ix) to appoint or dismiss the Company's general manager, secretary to the Board and other members of the senior management and decide on matters of their remuneration, rewards and punishments. According to the nomination of the general manager, to appoint or dismiss the Company's chief technology officer, deputy general manager, financial controller and other senior management personnel, and decide on matters of their remuneration, rewards and punishments;

(x) to formulate the basic management system of the Company;

(xi) to formulate the proposals for any amendment to the Articles of Association;

(xii) to manage the disclosure of information by the Company;

(xiii) to propose to shareholders' meetings the appointment or change of the accounting firm responsible for the auditing of the Company;

(xiv) to listen to the work report of the general manager of the Company and examine the general manager's work;

(xv) other functions and powers stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, as well as granted by the shareholders' meeting.

The regular meetings of the Board shall be convened at least four times a year by the chairman, and all directors shall be notified by hand, by mail, fax or telephone no later than 14 days prior to the meeting.

A meeting of the Board shall be held only if more than half of the directors are present. Resolutions of the Board must be passed by a majority of all directors.

If a director has a related relationship with the enterprises or individual of a resolution of the Board, such director shall report to the Board in writing promptly. Any director having related relationship shall not exercise the voting right on such resolution, nor shall such director act on behalf of other directors in exercising the voting right. Such meeting of the Board may be held if more than a majority of the directors without related relationships are present, and resolutions made at the meeting of the Board must be passed by a majority of the directors without related relationships. If the number of directors without related relationships attending the meeting of the Board is less than three, the matter shall be submitted to the shareholders' meeting for review. If laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed impose any additional restriction on directors' participation in Board meetings and voting, such provisions shall prevail.

Special Committees

The Company shall establish an audit committee under the Board, which shall exercise the functions and powers of the supervisory committee as provided under the Company Law.

The audit committee shall be composed of 3 members, which shall be directors who are not senior management of the Company, of which 2 of them are independent directors and an accounting professional among the independent directors shall serve as the convener.

The audit committee is responsible for reviewing the Company's financial information and its disclosures, supervising and evaluating the internal and external audits and internal controls. The following matters shall be submitted to the Board for consideration after the approval by a majority of all members of the audit committee:

(i) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(ii) appointment or dismissal of the accounting firm that undertakes the Company's auditing business;

(iii) appointment or dismissal of the Company's financial controller;

(iv) changes in accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

(v) other matters as provided by the laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The audit committee shall hold at least one meeting every quarter, and may hold an extraordinary meeting when two or more members propose, or when the convener deems it necessary. A meeting of the audit committee shall only be held with the attendance of more than two-thirds of the members.

Resolutions made by the audit committee shall be approved by more than half of the members of the audit committee.

Each member shall have one vote for the resolutions of the audit committee.

The audit committee shall prepare meeting minutes for its resolutions in accordance with the regulations, and the members of the audit committee attending the meeting shall sign on the meeting minutes.

The Board is responsible for formulating the working procedures of the audit committee.

The Board of the Company shall establish a strategic management and ESG committee, nomination committee, remuneration and appraisal committee, which shall perform their respective duties in accordance with the Articles of Association and the authorisation of the Board. Proposals made by the special committees shall be submitted to the Board for consideration and decision. The rules of procedure of the special committees shall be formulated by the Board.

General Manager and Senior Management Members

The Company shall have one general manager, one chief technology officer, one financial controller, and one secretary to the Board, as well as one to three deputy general managers, who shall be appointed or dismissed by the Board.

The general manager, chief technology officer, deputy general manager, financial controller and secretary to the Board shall be the Company's senior management.

The provisions of the Articles of Association regarding circumstances of disqualification of directors of the Company and the resignation management system also apply to the general manager and other senior management.

The general manager shall be accountable to the Board and exercise the following functions and powers:

(i) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his/her works to the Board;

(ii) to organize the implementation of 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 draft the Company's basic management system;

(v) to formulate the specific rules and regulations of the Company;

(vi) to submit to the Board proposals regarding the appointment or dismissal of the Company's chief technology officer, deputy general manager and financial controller;

(vii) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board;

(viii) to exercise other functions and powers conferred by the Articles of Association or the Board.

The general manager shall attend the Board meetings.

Senior management members of the Company shall perform their duties honestly, and protect the best interests of the Company and all the shareholders. Senior management members of the Company shall be liable for compensation in accordance with the laws for any damage caused to the interests of the Company and public shareholders as a result of their failure to perform duties honestly or violation of their fiduciary duties.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting Systems

The Company shall establish financial and accounting systems according to laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the regulations stipulated by the relevant state authorities.

The Company shall submit and disclose its annual reports to local branch of the CSRC and the stock exchange in the place where the Company's shares are listed within four months from the end of each fiscal year, and its interim reports to local branch of the CSRC and the stock exchange in the place where the Company's shares are listed within two months from the end of the first half of each fiscal year. If the securities regulatory authorities of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

Profit Distribution

The Company is required to withdraw 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further withdrawal is required. Where the statutory reserve fund of the Company is insufficient to

make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph. After making allocations to the statutory reserve fund from its profits after taxation, the Company may, upon passing a resolution at a shareholders' meeting, make further allocations from its profits after taxation to the discretionary reserve fund.

The discretionary reserve fund and statutory reserve fund should be used first; if the loss still cannot be made up, the capital reserve fund may be used in accordance with regulations.

After making up of losses and appropriation to reserve funds, balance of the profit after taxation shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

If a shareholders' meeting distributes profits to shareholders in violation of the Company Law, the profits distributed in violation of the provisions must be returned by such shareholders to the Company. If losses are caused to the Company, the shareholders, as well as the responsible directors, supervisors and senior management personnel, shall be liable for compensation.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The Company shall appoint one or more collection agents for H shareholders in Hong Kong. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H shares, and hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

Internal Audit

The Company shall implement an internal audit system, which clearly stipulates the leadership structure, duties and authorization, personnel allocation, finance support, audit results application, accountability and other matters in relation to internal audit.

The internal audit body of the Company shall supervise and inspect the Company's business activities, risk management, internal control, financial information etc.

The internal audit body shall be responsible to the Board.

Appointment of an Accounting Firm

The Company shall appoint such accounting firm which has complied with the Securities Law, and the securities regulatory rules of the place where the Company's shares are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be renewed.

The appointment and dismissal of accounting firm by the Company shall be subject to the approval of shareholders' meetings. The Board shall not appoint accounting firm before the approval of the shareholders' meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

Merger, Division, Capital Increase and Reduction, Dissolution and Liquidation

Merger, Division, Capital Increase and Reduction

The merger of the Company may take the two forms of merger by absorption and merger by new establishment. In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the Company surviving the merger or the new company established subsequent to the merger.

If the Company is divided, its property shall be divided accordingly. When the Company is divided, it shall prepare a balance sheet and a property list. The Company shall, within 10 days from the date of adoption of the division resolution at the shareholders' meeting, inform the creditors, and shall make announcements in newspapers designated by the Company for information disclosure as stipulated in the Articles of Association or on the National Enterprise Credit Information Publicity System within 30 days.

If the Company needs to reduce its registered capital, it shall prepare a balance sheet and a property list. The Company shall notify the creditors within 10 days from adoption of the resolution at the shareholders' meeting to decrease the registered capital and shall make announcements in newspapers designated by the Company for information disclosure as stipulated in the Articles of Association or on the National Enterprise Credit Information Publicity System within 30 days. Creditors shall, within 30 days of receiving written notice, or within 45 days of the date of the public announcement for those who have not received written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding security.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(i) the term of business specified in the Articles of Association has expired or any other cause for dissolution specified in the Articles of Association has occurred;

(ii) the shareholders' meeting resolves to dissolve the Company;

(iii) dissolution is necessary as a result of the merger or division of the Company;

(iv) the Company has its business license revoked, is ordered to close down or revoked in accordance with the laws;

(v) serious 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% of all shareholders' voting rights may petition the people's court to dissolve the Company.

In the event of occurrence of any cause leading to the dissolution of the Company as stipulated in the preceding paragraph, such dissolution cause shall be published on the National Enterprise Credit Information Publicity System within 10 days upon its occurrence.

Where the Company is dissolved under the circumstances set forth in items (i), (ii), (iv) and (v) in the preceding paragraph, it shall be liquidated. The directors, who are the liquidation obligors of the Company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution.

The liquidation group shall be composed of directors or personnel designated by the shareholders' meeting, except as otherwise provided in the Articles of Association, or as otherwise selected by a resolution of the shareholders' meeting.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and announce it in newspapers designated by the Company for information disclosure as stipulated in the Articles of Association or on the National Enterprise Credit Information Publicity System or at the Shanghai Stock Exchange website **(https://www.sse.com.cn)** and HKEX news website of the Hong Kong Stock Exchange **(www.hkexnews.hk)** within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice.

When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation group shall register the claims.

During the claim declaration period, the liquidation group shall not pay any debts to creditors.

After checking the Company's assets and preparing a balance sheet and property list, the liquidation group shall formulate a liquidation plan and submit the same to the shareholders' meeting or the people's court for confirmation.

The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts shall be distributed by the Company to the shareholders in proportion to the shares they hold.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation group, having liquidated the Company's property and prepared a balance sheet and property list, determines that the Company's property is insufficient to pay its debts in full, it shall apply to the people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy liquidation, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the people's court.

Following completion of the liquidation of the Company, the liquidation group shall prepare a liquidation report, submit the same to the shareholders' meeting or the people's court for confirmation, submit the same to the company registrar, and apply for cancellation of the Company's registration. Where the Company is declared bankruptcy in accordance with the laws, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

Amendment to the Articles of Association

The Company shall amend the Articles of Association if:

(i) provisions of the Articles of Association conflict with the Company Law or related laws, administrative regulations or the securities regulatory rules of the place where the Company's shares are listed after such laws are amended;

(ii) a change occurs in the Company's situation and such change is inconsistent with the matters stated in the Articles of Association;

(iii) the shareholders' meeting decides to amend the Articles of Association.

If amendments to the Articles of Association adopted by the shareholders' meeting that are subject to approval by the competent authorities, they shall be submitted to the competent authorities for approval; if they involve a registered particular of the Company, registration of the change shall be carried out in accordance with the laws.

Amendments to the Articles of Association constitute information required to be disclosed under laws, regulations, and securities regulatory rules of the place where the Company's shares are listed, and shall be announced in accordance with the relevant provisions.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting on the amendment to the Articles of Association and the approving opinion of relevant competent authorities.

Amendments to the Articles of Association that are required to be disclosed under the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed shall be announced in accordance with relevant requirements.

FURTHER INFORMATION ABOUT OUR GROUP

Incorporation

Our Company was established as a limited liability company under the laws of the PRC on September 12, 2004 and was converted into a joint stock company with limited liability on August 24, 2021.

Our Company has established a place of business in Hong Kong at 46F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on February 5, 2026, with Ms. HO Wing Nga (何詠雅) appointed as the Hong Kong authorised representative of our Company for acceptance of the service of process and any notices required to be served on our Company in Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in "Regulatory Overview" and "Appendix V — Summary of the Articles of Association" in this Document, respectively.

Changes in the Share Capital of our Company

A repurchase mandate for the repurchase of A Shares for the purpose of our Company's share incentive or employee stock ownership plan was approved by our Board on February 21, 2024 (the "**2024 Repurchase Mandate**"). The 2024 Repurchase Mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. As of the Latest Practicable Date, our Company has repurchased a total of 1,012,290 A Shares under the 2024 Repurchase Mandate. Upon repurchase, the repurchased A Shares are held under our Company's stock repurchase account and do not carry any shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights. Any repurchased A Shares not granted to employees within 36 months after the completion of the repurchase shall be cancelled. As of the Latest Practicable Date, our Company held 16,090 repurchased A Shares in total.

In September 2024, the total share capital of our Company increased from RMB280,000,000 comprising 280,000,000 A Shares with a nominal value of RMB1.00 each to RMB363,742,150 comprising 363,742,150 A Shares with a nominal value of RMB1.00 each, by way of capitalizing the capital reserve through the issuance of 0.3 additional A Shares for each existing A Share (excluding the repurchased A Shares held under our Company's stock repurchase account).

In May 2026, the total share capital of our Company increased from RMB363,742,150 comprising 363,742,150 A Shares with a nominal value of RMB1.00 each to RMB472,859,968 comprising 472,859,968 A Shares with a nominal value of RMB1.00 each, by way of capitalizing the capital reserve through the issuance of 0.3 additional A Shares for each existing A Share (excluding the repurchased A Shares held under our Company's stock repurchase account).

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

Resolutions of the Shareholders

On January 15, 2026, resolutions of the Shareholders were passed pursuant to which, among other things:

(i) the issue by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange;

(ii) the number of H Shares to be issued shall be no more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(iii) authorization of the Board or its authorized individuals to handle all matters relating to, among other things, the [**REDACTED**], the issue and [**REDACTED**] of H Shares on the Hong Kong Stock Exchange; and

(iv) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Hong Kong Listing Rules.

Subsidiaries of our Company

A summary of the corporate information and the particulars of our Company's subsidiaries are set out in Note 1 to the Accountant's Report as set out in Appendix I to this Document.

The following sets out the changes in the share capital of our Company's subsidiaries and our Company's subsidiary incorporated within the two years immediately preceding the date of this Document:

- On September 9, 2024, Rongtai Thailand was established in Thailand with an initial registered capital of 5,000,000.
- On April 18, 2025, the registered capital of Rongtai Thailand was increased from ฿5,000,000 to ฿269,000,000.
- On September 13, 2024, Rongtai Mexico was established in Mexico with an initial registered capital of ₱50,000.
- On February 28, 2025, the registered capital of Rongtai Mexico was increased from ₱50,000 to ₱2,052,000.
- On June 23, 2025, Rongtai Robotics was established in the PRC with an initial registered share capital of RMB20,000,000.

- On October 13, 2025, Rongtai Hainan was established in the PRC with an initial registered share capital of RMB1,000,000.

- On October 24, 2025, Rongtai Singapore New Materials was established in Singapore with an initial registered share capital of US$1,000.

- On May 18, 2026, Zhejiang Rongtai Enterprise Management Co., Ltd. (浙江榮泰企業管理有限公司) was established in the PRC with an initial registered share capital of RMB12,000,000.

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

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

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

(a) [●]; and

(b) [**REDACTED**].

Intellectual Property

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

Trademarks

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

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1...	Glory mica	17	Our Company	PRC	18774183	2027.02.06
2...		17	Our Company	PRC	5922776	2029.12.13
3...		17	Our Company	PRC	72118195	2033.12.13

Domain Name

As of the Latest Practicable Date, our Group had registered the following domain name which is material to its business:

No.	Domain Name	Registered Owner	Date of registration
1. . .	glorymica.com	Our Company	2024.09.26

Patents

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

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application
1. .	High-strength earthquake-resistant mica board and forming method (一種高強度抗震雲母板及成型方法)	Invention	Our Company	PRC	ZL.202111097880.5	2021.09.18
2. .	Mica part with high surface tear resistance and forming method (一種具有高表面抗撕裂強度的雲母件及其成型方法)	Invention	Our Company	PRC	ZL.202111190738.5	2021.10.13
3. .	Mica part with low thermal conductivity and high insulation and forming process (一種低導熱高絕緣雲母件及成型工藝)	Invention	Our Company	PRC	ZL.202111386906.8	2021.11.22
4. .	Composite part for thermal protection between battery cells and forming process (一種電芯之間的熱防護複合件及其成型工藝)	Invention	Our Company	PRC	ZL.202111467681.9	2021.12.02

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application
5. .	Special-shaped mica insulating product suitable for three-dimensional modeling and preparation method (一種適用於三維立體造型的異形雲母絕緣製品及其製備方法)	Invention	Our Company	PRC	ZL.202111467697.X	2021.12.02
6. .	Forming device and method for mica parts of different thicknesses for new energy vehicles (一種新能源汽車用不同厚度雲母件的成型裝置及方法)	Invention	Our Company	PRC	ZL.202210119416.X	2022.02.08
7. .	Mica insulation box for five-series ternary lithium battery modules for new energy vehicles (一種新能源汽車用五系三元鋰電池模組的雲母絕緣盒)	Invention	Our Company	PRC	ZL.202210118552.7	2022.02.08
8. .	Super-long mica tape with high temperature resistance and preparation method (一種超長耐高溫雲母帶及其製備方法)	Invention	Our Company	PRC	ZL.202210124019.1	2022.02.09
9. .	Mica tape with high temperature resistance and reusability and preparation method (一種耐高溫且可重複使用的雲母膠帶及其製備方法)	Invention	Our Company	PRC	ZL.202210120240.X	2022.02.09
10. .	Mica composite material with short fibers for new energy vehicles and forming process (一種新能源汽車用內增短纖維的雲母複合材料及製備工藝)	Invention	Our Company	PRC	ZL.202210128055.5	2022.02.11

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application
11. .	Mica structural part for upper cover thermal runaway protection for new energy vehicles and preparation method (一種新能源汽車用上蓋熱失控防護雲母結構件及其製備方法)	Invention	Our Company	PRC	ZL.202210238287.6	2022.03.11
12. .	Special-shaped mica part with ultra-long length and ultra-high voltage resistance and preparation method (一種超長超耐高壓的異形雲母件及其製備方法)	Invention	Our Company	PRC	ZL.202210273543.5	2022.03.19
13. .	Mica composite part with low thermal conductivity for thermal runaway protection between battery cells (一種應用於電芯之間的熱失控防護低導熱雲母複合件)	Invention	Our Company	PRC	ZL.202210273551.X	2022.03.19
14. .	Mica board with high strength, high tensile strength, and high modulus for thermal runaway management in new energy vehicles (一種新能源汽車熱失控管理用高強高拉伸高模量的雲母板)	Invention	Our Company	PRC	ZL.202210412319.X	2022.04.19
15. .	Epoxy-modified silicone resin and high-temperature-resistant, high-strength mica composite material prepared using it (一種環氧改性有機矽樹脂及利用其製備的高耐溫高強度雲母複合材料)	Invention	Our Company	PRC	ZL.202310285598.2	2023.03.22

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application
16. .	High-protection mica composite material for cable wrapping and filling and preparation method (一種用於電纜繞包填充的高防護雲母複合材料及其製備方法)	Invention	Our Company	PRC	ZL.202310295583.4	2023.03.22
17. .	Mica composite part with efficient heat insulation and fire protection for thermal runaway protection and preparation method (一種用於熱失控防護中具有高效隔熱防火功能的雲母複合件及其製備方法)	Invention	Our Company	PRC	ZL.202310287503.0	2023.03.22
18. .	Plastic-steel PPS composite material and preparation process (一種塑鋼PPS複合材料及其製備工藝)	Invention	Our Company	PRC	ZL.202411436908.7	2024.10.15
19. .	Mica tape utilizing slurry with mixed particle sizes (一種對混合粒徑漿料進行利用的雲母帶)	Invention	Rongtai Hunan	PRC	ZL.202310162577.1	2023.02.24
20. .	Method for improving interfacial bonding performance between mica and reinforcing fibers (一種提高雲母與增強纖維界面結合性能的方法)	Invention	Rongtai Hunan	PRC	ZL.202310269614.9	2023.03.20
21. .	Uniform papermaking method for high-basis-weight mica paper (一種高克重雲母紙的均勻抄造方法)	Invention	Rongtai Hunan	PRC	ZL.202210371758.0	2022.04.11

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application
22. .	Method for preparing composite mica paper using mica paper waste (利用雲母紙廢料製備複合雲母紙的方法)	Invention	Rongtai Hunan	PRC	ZL.202210271562.4	2022.03.18
23. .	Preparation method for high-thermal-conductivity mica paper (一種高導熱雲母紙的製備方法)	Invention	Rongtai Hunan	PRC	ZL.202210371757.6	2022.04.11
24. .	Winding device for mica paper production (一種雲母紙生產用收卷裝置)	Invention	Rongtai Hunan	PRC	ZL.202011131254.9	2020.10.21
25. .	Gluing device for mica board production (一種用於生產雲母板的上膠裝置)	Invention	Rongtai Hunan	PRC	ZL.202011137017.3	2020.10.22
26. .	Mica paper with resin spray adhesive and papermaking method (一種樹脂噴膠雲母紙及其抄造方法)	Invention	Rongtai Hunan	PRC	ZL.201910323347.2	2019.04.22
27. .	Method for real-time testing of dynamic comprehensive data of electric cylinders (一種對於電動缸動態綜合數據進行實時測試的方法)	Invention	Dizi Precision	PRC	ZL.202510677712.5	2025.05.26
28. .	Cutting device and method for screw rod processing (一種用於絲桿加工的截斷裝置及方法)	Invention	Dizi Precision	PRC	ZL.202411899390.0	2024.12.23
29. .	Clamping-based correction device and method for screw rod processing (一種基於夾持的絲桿加工矯正設備及方法)	Invention	Dizi Precision	PRC	ZL.202411897923.1	2024.12.23

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application
30. .	Dual-degree-of-freedom linear module actuator with brake (帶剎車的雙自由度線性模組執行機構)	Invention	Dizi Precision	PRC	ZL.201911027354.4	2019.10.28
31. .	Gauge and method for measuring lead error of screw rods (一種測量絲桿導程誤差的檢具及方法)	Invention	Dizi Precision	PRC	ZL.202311818686.0	2023.12.27
32. .	Ball screw high-temperature welding equipment and method (一種滾珠絲槓高溫焊接設備及方法)	Invention	Dizi Precision	PRC	ZL.202311811226.5	2023.12.27
33. .	Ball screw raceway measuring equipment and method (一種滾珠絲桿滾道測量設備及方法)	Invention	Dizi Precision	PRC	ZL.202311570678.9	2023.11.23
34. .	ZR module (ZR模組)	Invention	Dizi Precision	PRC	ZL.202310036138.6	2023.01.10
35. .	Ball screw raceway measuring machine (一種滾珠絲桿滾道測量機)	Invention	Dizi Precision	PRC	ZL.202211325889.1	2022.10.27
36. .	Straightening machine for screw rod processing (一種絲桿加工用校直機)	Invention	Dizi Precision	PRC	ZL.202211326404.0	2022.10.27

Copyrights

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

No	Copyright Name	Registrant	Registration Number	Registration Date
1. . .	Intelligent CNC panel cutting machine control system V1.0 (智能化數控裁板機控制系統V1.0)	Rongtai Hunan	2023SR0324906	2023.03.13

No	Copyright Name	Registrant	Registration Number	Registration Date
2. .	Electronic panel cutting machine control software V1.0 (電子裁板機控制軟件V1.0)	Rongtai Hunan	2023SR0324905	2023.03.13

DISCLOSURE OF INTERESTS

Disclosure of Interests of Directors and Chief Executive of our Company

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the interests and/or short positions (as applicable) of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO) which (1) will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, in each case once the H Shares are [**REDACTED**] on the Hong Kong Stock Exchange, will be as follows:

(i) Interests in our Company and our Company's associated corporations

Name of Director or chief executive	Nature of interest	Number and description of Shares or underlying Shares held	Shareholding in A Shares upon completion of the [REDACTED][(1)]	Shareholding in total issued share capital upon completion of the [REDACTED][(1)]
Mr. GE Tairong .	Beneficial owner[(2)]	153,752,171 A Shares	32.52%	[**REDACTED**]%
	Interest of spouse[(3)]	27,703,538 A Shares	5.86%	[**REDACTED**]%
	Interest in controlled corporation[(7)]	16,090 A Shares	0.003%	[**REDACTED**]%

Name of Director or chief executive	Nature of interest	Number and description of Shares or underlying Shares held	Shareholding in A Shares upon completion of the [REDACTED][(1)]	Shareholding in total issued share capital upon completion of the [REDACTED][(1)]
Ms. CAO Meisheng	Beneficial owner[(4)]	21,173,378 A Shares	4.48%	[**REDACTED**]%
	Interest in controlled corporation[(5)(7)]	6,546,250 A Shares	1.38%	[**REDACTED**]%
	Interest of spouse[(3)]	153,752,171 A Shares	32.52%	[**REDACTED**]%
Mr. ZHENG Minmin	Beneficial owner[(6)]	7,470,445 A Shares	1.58%	[**REDACTED**]%

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

(2) As of the Latest Practicable Date, Mr. GE Tairong was directly interested in 153,752,171 A Shares held by him.

(3) Ms. CAO Meisheng is the wife of Mr. GE Tairong. By virtue of the SFO, Mr. GE Tairong is deemed to be interest in the A Shares that Ms. CAO Meisheng is interested in and *vice versa*.

(4) As of the Latest Practicable Date, Ms. CAO Meisheng was directly interested in 21,173,378 A Shares held by her.

(5) As of the Latest Practicable Date, Ms. CAO Meisheng was the general partner of each of Shanghai Congjiong and Shanghai Chaotai. By virtue of the SFO, Ms. CAO Meisheng is deemed to be interested in the 2,938,572 A Shares held by Shanghai Congjiong and 3,591,588 A Shares held by Shanghai Chaotai.

(6) As of the Latest Practicable Date, Mr. ZHENG Minmin was interested in (i) 7,366,445 A Shares held by him; and (ii) 104,000 A Shares held by the Stock Ownership Plan granted to him under the Stock Ownership Plan.

(7) As of the Latest Practicable Date, there were 16,090 repurchased A Shares held by our Company as treasury shares. The Controlling Shareholders who control more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such treasury shares held by our Company.

Save as disclosed above, none of the Directors or the chief executive of our Company will, immediately following the completion of the [**REDACTED**], have an interest and/or short position (as applicable) in the Shares, underlying shares or debentures of our Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures

of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Hong Kong 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), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange.

Disclosure of Interests of Substantial Shareholders

Save as disclosed below and the disclosure in the section headed "Substantial Shareholders", our Directors are not aware of any other person who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), have an interest or short position 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:

Member of our Group (being associated corporation)	Name of substantial shareholder	Approximate percentage of equity interest held by the substantial shareholder
Dizi Precision	HUANG Mingtao (黃明濤)	12.14%

FURTHER INFORMATION ABOUT THE DIRECTORS

Particulars of the Service Contracts

Each of the Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

For details of the remuneration of Directors, see "Directors and Senior Management — Remuneration" and "Appendix I — Accountants' Report."

Agency Fees or Commissions Received

[**REDACTED**]

Within the two years immediately preceding the date of this Document, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company.

Personal Guarantees

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

Disclaimers

(a) None of the Directors nor any of the experts referred to in "Other Information — Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this Document, acquired or disposed of by, or leased to, any member of our Group, or are proposed to be acquired or disposed of by, or leased to, any member of our Group;

(b) Save in connection with the [**REDACTED**], none of the Directors nor any of the experts referred to in "Other Information — Qualifications and Consents of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to the business of our Group;

(c) None of the Directors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group;

(d) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this Document to any promoter of our Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the [**REDACTED**] or related transactions as mentioned; and

(e) So far as is known to the Directors, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group in each year during the Track Record Period.

STOCK OWNERSHIP PLAN

The following is a summary of the principal terms of the Stock Ownership Plan. The terms of the Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any further grant by our Company after the [**REDACTED**]. The terms of the Stock Ownership Plan are summarized below.

(a) Purpose

The purpose of the Stock Ownership Plan is to establish and promote the profit-sharing mechanism between the employees and the Shareholders, improve the corporate governance, enhance the employee cohesion and the competitiveness of our Company, mobilize the employees' motivation and creativity, so as to promote the long-term, sustainable and healthy development of our Company.

(b) Participants

The participants of the Stock Ownership Plan include the directors, supervisors, senior management and core technical and business staff of our Group who have an important role in our Company's overall performance and medium- and long-term development.

(c) Administration

The Stock Ownership Plan is subject to the approval of the Shareholders. The Stock Ownership Plan is under the administration of a committee (the "**Management Committee**"), the members of which are elected by the participants of the Stock Ownership Plan. The Management Committee oversees the daily management of the Stock Ownership Plan and exercises Shareholders' rights on behalf of the participants.

(d) Term of the Stock Ownership Plan

The Stock Ownership Plan is valid for a period of 60 months commencing from the date of announcement of the last transfer of the relevant underlying A Shares to the designated account of the Stock Ownership Plan (the "**Announcement Date**"), which may be extended upon approval by the Management Committee and the Board.

(e) Lock-up and Vesting of the Shares

The A Shares held by the Stock Ownership Plan are subject to a lock-up period of 12 months, commencing from the Announcement Date. After the expiry of the foregoing lock-up period, The A Shares held by the Stock Ownership Plan will be vested in tranches of 30%, 40% and 30% in each of the three vesting periods that occurs 12 months, 24 months and 36 months from the Announcement Date, respectively, provided that the assessment and performance targets as set out under the Stock Ownership Plan are achieved.

(f) Source and Numbers of Shares

The A Shares held by the Stock Ownership Plan are the A Shares repurchased by our Company. The maximum number of A Shares held by the Stock Ownership Plan is 1,012,290 A Shares, which will be adjusted upon the occurrence of certain events, including capitalization of capital reserves, issue of bonus shares, share splits and consolidations and rights issues.

As of the Latest Practicable Date, a total of 1,295,060 A Shares were held by the Stock Ownership Plan, representing approximately [**REDACTED**]% of the total issued share capital immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised). The table below sets forth the details of the A Shares held by the Stock Ownership Plan granted to the employees of our Group as of the Latest Practicable Date:

Name	Position in our Group	Announcement Date	Grant price (per A Share)	Number of A Shares[3]	As an approximate percentage of total issued share capital upon completion of the [REDACTED][1]
Mr. ZHENG Minmin	Executive Director and general manager	December 6, 2025	RMB55.35	104,000	[**REDACTED**]%
Ms. RAO Lei	Non-executive Director	December 6, 2025	RMB55.35	2,990	[**REDACTED**]%
Mr. CHEN Tao	Finance director and secretary to the Board	December 6, 2025	RMB55.35	29,900	[**REDACTED**]%
Other employees of our Group[2]	/	December 6, 2025	RMB55.35	1,158,170	[**REDACTED**]%

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

(2) Representing an aggregate of 105 employees who are not Directors or senior management of our Company.

(3) All the number of A Shares in this table were adjusted as a result of our capitalization of capital reserve in May 2026. See "History — Profit Distribution and Capitalization of Capital Reserve" for details.

OTHER INFORMATION

Estate Duty

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

Litigation

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

Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, our Company has agreed to pay the Sole Sponsor a total fee of US$500,000 for acting as the sponsor for the [**REDACTED**].

Preliminary Expenses

Our Company has not incurred any material preliminary expenses.

Promoters

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

Qualifications and Consents of Experts

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

Name of Expert	Qualifications
CITIC Securities (Hong Kong) Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities under the SFO
ZHONGHUI ANDA CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor

Name of Expert	Qualifications
GF Law Firm Shanghai	the PRC legal advisors to our Company
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
King & Wood	Our legal advisor as to international sanctions laws

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its report and/or letter (as the case may be) and the references to its name included herein in the form and context in which they respectively appear.

Binding Effect

This Document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

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

Miscellaneous

Save as otherwise disclosed in the section headed "Financial Information" and this section, in connection with the [**REDACTED**] or otherwise waived from disclosure pursuant to the waivers disclosed in the section headed "Waivers from Strict Compliance with the Hong Kong Listing Rules,"

(a) within the two years preceding the date of this Document, no share or loan capital of our Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of our Company or any of its subsidiaries have been issued or have been agreed to be issued;

(d) save for the A Shares that are listed on the Shanghai Stock Exchange and the H Shares to be issued in connection with the [**REDACTED**], none of the equity and debt securities of our Company or its subsidiary is presently listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(e) our Company has no outstanding convertible debt securities or debentures;

(f) none of the experts listed under "— Qualifications and Consents of Experts":

(i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the [**REDACTED**] Agreements.

(g) the English text of this Document shall prevail over their respective Chinese text; and

(h) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Document.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contracts referred to in "Appendix VI — Statutory and General Information — Further Information about Our Business — Summary of Material Contracts"; and

(b) the written consents referred to in "Appendix VI — Statutory and General Information — Other Information — Qualifications and Consents of Experts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.glorymica.com** during a period of 14 days from the date of this Document:

(a) the Articles of Association;

(b) the Accountants' Report from ZHONGHUI ANDA CPA Limited, the text of which is set out in Appendix I to this Document;

(c) the report from ZHONGHUI ANDA CPA Limited on the unaudited [**REDACTED**] financial information of our Group, the texts of which is set out in Appendix II to this Document;

(d) the audited consolidated financial statements of the Group for the financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

(e) the legal opinion from Shanghai GF Law Firm, our Company's PRC Legal Advisor, in respect of, among other things, the general matters and property interests of the Group under the PRC laws;

(f) the legal memorandum issued by King & Wood, the Company's legal advisor as to international sanctions laws;

(g) the industry report prepared by Frost & Sullivan referred to in the section headed "Industry Overview" in this Document;

(h) the service contracts between each of the Directors and our Company referred to in "Appendix VI — Statutory and General Information — Further Information about the Directors — Particulars of the Service Contracts;"

(i) the material contracts referred to in "Appendix VI — Statutory and General Information — Further Information about Our Business — Summary of Material Contract;"

(j) the written consents referred to in "Appendix VI — Statutory and General Information — Other Information — Qualifications and Consents of Experts;" and

(k) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations.