Application Proof of

Dynamic Electronics Co., Ltd.*
超穎電子電路股份有限公司

(the "**Company**")

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

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Dynamic Electronics Co., Ltd.*
超穎電子電路股份有限公司

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

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Number of [REDACTED] under the [REDACTED]	:	**[REDACTED] H Shares (subject to [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 [REDACTED], plus brokerage of 1%, 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	:	**RMB1.00 per H Share**
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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document, including the financial statements and accompanying notes, before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed "Risk Factors" in this document. You should read that section carefully in full before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a globally established manufacturer of high-end printed circuit boards, or PCBs, and one of the world's leading automotive PCB suppliers. Founded in 2015, with our PCB business tracing its origins back to 1988, we research, develop, manufacture and commercialize a broad portfolio of high-reliability and high-complexity PCBs, including double-sided PCBs, multilayer PCBs and high-density interconnect, or HDI, PCBs, which are the physical interconnect foundation of virtually every electronic system. With principal production operations in Huangshi and Kunshan in China and a strategic overseas manufacturing base in Thailand, we serve leading global customers across multiple advanced applications: automotive electronics form the commercial and technology foundation of our business, while data storage, communication and AI server applications represent increasingly important growth engines. We believe our combination of automotive-grade quality discipline, continuous advancement of our process technologies and global manufacturing capability positions us to evolve from a leading automotive PCB supplier into a global manufacturer of high-end PCBs for the intelligent hardware era.

The following diagram presents our business highlights.

Market positions(1)

- Automotive PCBs: **No. 8** globally in 2025 and **No. 6** in the first half of 2026
- Automotive HDI PCBs: **No. 1** globally(2)
- Memory-module PCBs: **No. 3** globally(2)
- AI data storage PCBs: **No. 3** globally(2)

Blue-chip global customer base(3)

- **Four** of the top 10 global automotive Tier 1 suppliers
- **Three** of the top four global DRAM manufacturers
- **All** of the top five global display panel manufacturers
- **Broad coverage** of leading customers across the AI ecosystem, including leading GPU manufacturers, cloud service providers and switch vendors

Revenue scale and diversifying application mix

- Revenue of **RMB4.8 billion** in 2025, representing a CAGR of **14.0%** from 2023 to 2025
- Revenue of **RMB2.9 billion** in the first half of 2026, up **33.3%** period on period
- In the first half of 2026, automotive electronics, data storage, and communications and AI servers represented **51.4%**, **15.8%** and **10.0%** of total revenue, respectively

Global production footprint

- **Three production bases** in Huangshi and Kunshan, China and Thailand
- **71.8%** of revenue in the first half of 2026 was generated from products delivered to China's Bonded Zones and overseas markets, including other parts of Asia, Europe, the Americas and Africa

Advanced manufacturing capabilities

Commercial production capability for

- six-build-up HDI
- 50-layer asymmetric stack-up
- up to 12-layer any-layer interconnect HDI products

Sustainable manufacturing

- Renewable energy consumption of **141,000 MWh**, representing **23.7%** of total energy consumption, and a waste recovery rate of **93.6%** in 2025
- **UL 2799 Platinum Zero Waste to Landfill certification** and **Alliance for Water Stewardship certification** at our Huangshi production base

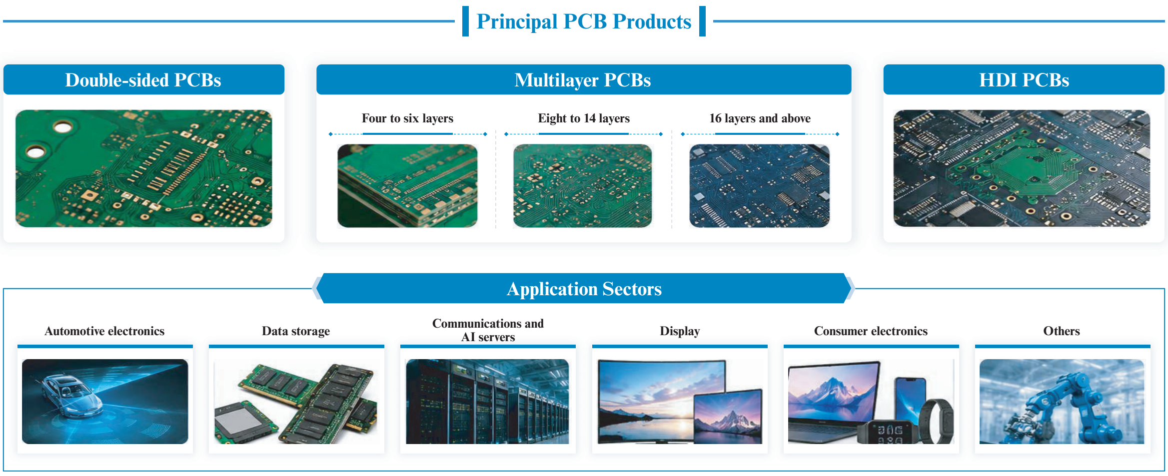
(1) Industry rankings are according to the F&S Report and are based on sales revenue.

(2) Automotive HDI PCB, memory-module PCB and AI data storage PCB rankings apply to both 2025 and the first half of 2026.

(3) Customer rankings are according to the F&S Report and are based on the relevant data for 2025.

OUR PRODUCTS

Our principal products are rigid PCBs that provide mechanical support for electronic components and conductive pathways for electrical interconnection. The following diagram illustrates our principal PCB products and their application sectors.



- ***Double-sided PCBs.*** Our double-sided PCBs comprise two conductive copper layers, one on each side of an insulating substrate, generally interconnected through plated through-holes. They are suited to products with moderate circuit complexity and are used principally in automotive electronics and display applications.

- ***Multilayer PCBs.*** Our multilayer PCBs comprise multiple conductive layers separated by insulating materials and laminated into a single board, providing additional routing space and supporting more complex circuit layouts, power distribution and signal transmission. We further classify these products into four-to-six-layer PCBs, eight-to-14-layer PCBs and 16-layer-and-above PCBs, which can serve applications ranging from vehicle-control systems to memory modules, communications equipment and AI computing boards.

- ***HDI PCBs.*** Our HDI PCBs use microvias, blind and buried vias and sequential build-up structures to achieve denser interconnection, finer routing and higher component integration. These products support compact designs and high-speed signal transmission across our principal application sectors. They can be used in high-end products such as autonomous-driving and smart-cockpit domain controllers, memory modules, GPU accelerator-card carrier boards and AI compute boards.

The following table sets forth a breakdown of our revenue by product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Sales of PCB products										
Double-sided PCBs	**265,049**	**7.2**	**263,068**	**6.4**	**227,430**	**4.8**	**120,464**	**5.5**	**109,314**	**3.8**
Multilayer PCBs	**2,415,320**	**66.1**	**2,330,272**	**56.5**	**2,428,281**	**51.1**	**1,150,243**	**52.7**	**1,324,441**	**45.4**
Four to six layers	1,560,244	42.7	1,387,265	33.6	1,436,372	30.3	729,097	33.4	718,857	24.6
Eight to 14 layers	855,007	23.4	940,024	22.8	980,077	20.6	419,595	19.2	600,564	20.6
16 layers and above	69	0.0	2,983	0.1	11,832	0.2	1,551	0.1	5,020	0.2
HDI PCBs	**854,592**	**23.4**	**1,352,027**	**32.8**	**1,783,330**	**37.5**	**782,078**	**35.8**	**1,274,791**	**43.8**
Subtotal	**3,534,961**	**96.7**	**3,945,367**	**95.7**	**4,439,041**	**93.4**	**2,052,785**	**94.0**	**2,708,546**	**93.0**
Others[(1)]	**121,291**	**3.3**	**178,250**	**4.3**	**313,299**	**6.6**	**131,992**	**6.0**	**203,498**	**7.0**
Total	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**

(1) Primarily comprise sales of scrap materials.

Automotive electronics are the foundation of our business and our largest application sector, accounting for 55.4% of total revenue in 2025 and 51.4% in the six months ended June 30, 2026. We focus on high-end HDI PCBs, which can serve battery, motor and electronic control systems, as well as autonomous-driving and smart-cockpit domain controllers. Our broader automotive PCB portfolio can also support radar and lidar, power-conversion and braking systems, and vehicle window and seat controls. These applications demand high reliability and quality traceability, drawing on our established manufacturing and mass-production capabilities.

Data storage is another established growth area, with its contribution to total revenue increasing from 7.0% in 2023 to 15.8% in the six months ended June 30, 2026. Our multilayer and HDI PCBs can be used in memory modules, solid-state drives and hard disk drives. Depending on product requirements, they incorporate high-speed interfaces, fine-pitch gold finger structures, low-loss materials and precise dimensional and impedance controls to support demanding data-transmission and storage requirements.

Communications and AI servers are an increasingly important growth area, with their contribution to total revenue increasing from 4.3% in 2023 to 10.0% in the six months ended June 30, 2026. Our products can be used in servers, routers, switches, wireless communications equipment and AI computing boards. We have established commercial production capability for six-build-up HDI and 50-layer asymmetric stack-up products and developed processing parameters for M7- to M9-grade high-speed laminates. Our ongoing development covers eight-build-up HDI, 60-layer and 78-layer ultra-high-layer-count technologies, M9-grade and higher materials, and PCBs for 1.6T optical modules and co-packaged optics.

Display and consumer electronics further broaden our product portfolio, accounting for 8.9% and 5.9% of our total revenue in the six months ended June 30, 2026, respectively. Our display PCBs include those that can be used for high-resolution display driver boards and in-vehicle displays, with process controls supporting large-format dimensional stability, layer alignment and board flatness. Our consumer electronics portfolio principally comprises HDI PCBs and selected multilayer products, which can be used for AI-enabled personal computers, smart watches and other wearables, as well as augmented reality and virtual reality headsets. These products can support compact and thin designs, dense circuitry and high component integration, drawing on our precision manufacturing and high-density interconnection capabilities.

The following table sets forth a breakdown of our revenue by application for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Sales of PCB products	**3,534,961**	**96.7**	**3,945,367**	**95.7**	**4,439,041**	**93.4**	**2,052,785**	**94.0**	**2,708,546**	**93.0**
Automotive electronics	2,517,922	68.8	2,707,099	65.7	2,628,142	55.4	1,299,263	59.6	1,495,027	51.4
Data storage	256,722	7.0	316,040	7.7	548,092	11.5	197,320	9.0	460,747	15.8
Communications and AI servers	156,223	4.3	283,889	6.8	440,895	9.3	177,281	8.1	291,213	10.0
Display	430,615	11.8	431,204	10.5	519,447	10.9	242,077	11.1	260,294	8.9
Consumer electronics	163,288	4.5	187,615	4.5	266,933	5.6	125,077	5.7	172,214	5.9
Others(1)	10,191	0.3	19,520	0.5	35,532	0.7	11,767	0.5	29,051	1.0
Others(2)	**121,291**	**3.3**	**178,250**	**4.3**	**313,299**	**6.6**	**131,992**	**6.0**	**203,498**	**7.0**
Total	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**

(1) Other PCB applications primarily include applications in embodied intelligence, industrial control, medical and green energy sectors.

(2) Primarily comprise sales of scrap materials.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success: (1) an established global PCB platform anchored in automotive electronics and positioned to capture growth in AI computing and high-speed data infrastructure; (2) an advanced technology platform and customer co-innovation model that translate materials and manufacturing-process expertise into high-performance PCBs; (3) a blue-chip global customer base and long-term collaboration supporting growth across high-value applications; (4) an integrated manufacturing platform in China and Thailand combining production scale, quality management and geographic flexibility to serve global customers; and (5) experienced management and technical teams connecting customer insight, engineering expertise and manufacturing execution to support long-term growth.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business: (1) expand and upgrade our global production capacity while advancing automation, digital integration and sustainable manufacturing; (2) accelerate product-mix upgrades in communications and AI servers, data storage and automotive electronics to capture demand for higher-specification PCBs; (3) increase research and development investment in advanced materials, interconnection structures and precision processes to support higher-layer-count, higher-density and higher-speed products and their transition into stable mass production; and (4) recruit, develop and retain technical, operational and management personnel globally to support advanced technologies, overseas capacity expansion and cross-border operations.

OUR TECHNOLOGIES

Our technology platform covers three principal areas: materials technologies, manufacturing-process technologies and product-development technologies. Our capabilities span the principal stages of the PCB product lifecycle, from material selection and process development to trial production, mass-production transfer and subsequent process optimization. We coordinate materials, stack-up structures, manufacturing parameters and quality-control criteria to meet customers' designs and performance requirements.

- ***Materials technologies.*** Our capabilities include ultra-low-profile copper surface treatment and high-frequency and high-speed material processing. Our copper-surface treatment process reduces arithmetic mean surface roughness from approximately 2,900 nanometers to approximately 100 nanometers, reducing high-frequency conductor loss while maintaining interlayer bonding and thermal reliability. We also apply multi-stage lamination controls to support reliable bonding between dissimilar materials in mixed multilayer structures and address signal-integrity requirements for higher-speed products.

- ***Manufacturing-process technologies.*** Our capabilities include precision back-drilling and residual-stub control, buried-via and via-filling processes, and co-planar asymmetric-copper processing. These processes support high-speed signal transmission, dense routing, component assembly and stable production of large-format PCBs. In particular, our co-planar asymmetric-copper processing enables high-current or high-power areas and fine-line digital-signal areas to coexist on the same layer.

- ***Product-development technologies.*** Our capabilities cover high-layer-count HDI and microvia processing, radiation-antenna dimensional control, and cavity and blind-slot processing, addressing requirements for dense interconnection, antenna accuracy and reduced assembly thickness. We have developed sample capability for up to 20-layer any-layer interconnect HDI and are developing eight-build-up HDI, modified semi-additive process fine-line processing and ultra-microvia technologies. We have also established commercial production capability for six-build-up HDI and 50-layer asymmetric stack-up products, while continuing to develop 60-layer and 78-layer ultra-high-layer-count technologies.

SALES AND MARKETING

We serve customers in China and overseas, with product deliveries to other parts of Asia, Europe, the Americas and Africa. Based on delivery destinations, sales to overseas markets and China's Bonded Zones together accounted for 79.0%, 79.2%, 75.6%, 78.7% and 71.8% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Our products are generally customized to customers' specifications and we principally sell directly to electronic product manufacturers. Our principal customer-development methods include direct engagement by our sales and technical personnel and support from our overseas offices and sales agents. We seek to participate early in customers' product-development cycles, with new customer programs generally progressing through commercial and technical discussions, supplier or factory qualification, sample production, reliability testing and customer validation before mass-production approval.

We engage a limited number of sales agents to provide market-development, business-communication and customer-service coordination support for certain direct-sales customers. Although these customers contributed a significant proportion of our revenue during the Track Record Period, the underlying revenue was generated from sales directly to customers rather than to the agents. Sales agents generally do not purchase or resell our products or take title to them, and we remain the contracting party responsible for supplying the products.

PRODUCTION

As of June 30, 2026, we operated three production bases: our Huangshi production base in Hubei Province and our Kunshan production base in Jiangsu Province, China, and our Thailand production base in Prachin Buri Province. We principally adopt a make-to-order, sales-driven production model. We prepare production schedules by reference to confirmed purchase orders, customer forecasts, delivery requirements, material availability, process requirements and the capabilities and loading of each production base. Orders are allocated among production bases and production lines according to product specifications, required processes and delivery schedules.

Our overall capacity utilization rates were 90.7%, 93.6%, 86.3%, 83.2% and 94.8% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Utilization varies with customer ordering patterns, product mix, qualification schedules and production ramp-up. Our Thailand production base commenced commercial production in the fourth quarter of 2024 and remained in a ramp-up stage during the Track Record Period, involving customer and factory qualification, product validation, process adjustment and yield stabilization.

We perform the core stages of product engineering, process design, production management and quality control internally. Where internal capacity for a particular process is temporarily constrained or production scheduling requires additional flexibility, we may engage independent third-party processors for limited, short-term, single-process work, such as certain drilling, plating or electrical-testing processes. We do not generally outsource entire PCB production orders.

CUSTOMERS

Our customers principally operate in the automotive electronics, data storage, communications and AI servers, display and consumer electronics sectors, as well as other application sectors. In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue from our five largest customers in each period was RMB1,823.7 million, RMB1,775.1 million, RMB1,814.1 million and RMB1,009.5 million, respectively, accounting for 49.9%, 43.0%, 38.2% and 34.7% of our total revenue for the respective periods. During the same periods, revenue from our single largest customer was RMB636.9 million, RMB567.6 million, RMB543.9 million and RMB281.9 million, respectively, accounting for 17.4%, 13.8%, 11.4% and 9.7% of our total revenue for the respective periods.

SUPPLIERS

Our principal raw materials, which we primarily source from Chinese Mainland, include copper-clad laminates, prepregs, gold salts, copper foil, copper balls or powder, dry films, inks, chemical solutions and other auxiliary materials. We operate a centralized procurement framework, with procurement personnel at our production bases responsible for order execution and local coordination. For principal materials, we generally maintain at least two qualified suppliers unless a customer designates a particular source.

In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers in each period were RMB737.1 million, RMB919.3 million, RMB1,220.7 million and RMB904.0 million, respectively, accounting for 41.5%, 40.1%, 42.2% and 45.3% of our total purchases for the respective periods. During the same periods, purchases from our single largest supplier were RMB188.9 million, RMB272.7 million, RMB386.7 million and RMB282.6 million, respectively, accounting for 10.6%, 11.9%, 13.4% and 14.2% of our total purchases for the respective periods.

MARKET OPPORTUNITY AND COMPETITION

According to the F&S Report, the global PCB market increased from US$76.9 billion in 2021 to US$85.8 billion in 2025, representing a CAGR of 2.8%, and is expected to increase from US$102.0 billion in 2026 to US$144.6 billion in 2030 at a CAGR of 9.1%. The acceleration in expected market growth reflects the industry's structural growth and is expected to be supported by increasing demand from higher-value applications, including AI servers, data centers, automotive electronics, data storage and high-speed communications, which is increasing PCB content per device and driving product-mix upgrades towards more technologically complex and higher-value PCB products. Demand is therefore increasingly shifting towards higher-value products, with HDI PCBs and multilayer PCBs expected to increase at CAGRs of 10.8% and 9.8%, respectively, from 2026 to 2030.

Our principal application markets are supported by vehicle electrification and intelligence, AI computing, cloud computing and data center expansion. The global automotive PCB market increased from US$8.3 billion in 2021 to US$9.8 billion in 2025 and is expected to reach US$13.4 billion by 2030. Within this market, automotive HDI PCBs are expected to increase at a CAGR of 14.3% from 2026 to 2030, above the automotive PCB market average of 6.1%. The global data storage PCB market increased from US$4.7 billion in 2021 to US$6.1 billion in 2025 and is expected to increase from US$9.4 billion in 2026 to US$15.7 billion in 2030 at a CAGR of 13.7%. The global communication and AI server PCB market increased from US$9.5 billion in 2021 to US$20.9 billion in 2025, making it the fastest-growing PCB application segment during that period, and is expected to increase from US$28.1 billion in 2026 to US$47.2 billion in 2030 at a CAGR of 13.9%.

These applications require denser interconnection, higher-speed transmission, greater reliability and improved thermal management, supporting demand for more technologically complex PCBs. Customers' increasing emphasis on supply chain resilience and regional delivery also supports demand for diversified production capacity in Southeast Asia. We believe these trends create opportunities for manufacturers that combine advanced process capabilities, rigorous quality systems, scalable production capacity, established customer relationships and overseas manufacturing capabilities.

The global PCB market is fragmented and highly competitive. According to the F&S Report, the 10 largest market participants accounted for 37.7% of global PCB sales revenue in 2025, with competition increasingly focused on higher-end products and comprehensive capabilities rather than capacity expansion alone. We compete on technology, product quality, manufacturing capability, pricing, yields, delivery performance and customer service. Higher-end PCB markets have significant entry barriers relating to technical and process expertise, customer qualification and the ability to maintain consistent quality, traceability and delivery in mass production. In the automotive PCB market, we ranked eighth globally in 2025 and sixth in the first half of 2026. In both periods, we ranked first globally in the automotive HDI PCB market and third globally in both the memory-module PCB market and the AI data storage PCB market, in each case by sales revenue.

RISKS AND CHALLENGES

Our business and the [REDACTED] involve certain risks, which are set out in the section headed "Risk Factors" in this document. Some of the major risk factors that we face include: (1) intense competition in the PCB industry and adverse changes in downstream demand or our application and product mix, which could reduce our orders, selling prices and profitability; (2) dependence on a limited number of major customers, whose order reductions, delays, reallocations or cancellations and bargaining power could adversely affect our business and results of operations; (3) raw-material shortages, quality issues or price increases, concentration of purchases among major suppliers and difficulties in passing increased costs on to customers promptly or in full; (4) continued declines in our gross profit margins and profitability and the risk of further losses, following our net loss in the six months ended June 30, 2026; and (5) lengthy and uncertain customer, factory, material and product qualification processes and failure to develop, validate and commercialize new or enhanced PCB products and manufacturing technologies. As different [REDACTED] may have different interpretations and criteria when determining the significance of a risk, you should carefully read the "Risk Factors" section in its entirety before you decide to [REDACTED] in our H Shares.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Revenue	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**
Cost of sales	(2,795,430)	(76.5)	(3,201,579)	(77.6)	(3,800,781)	(80.0)	(1,703,785)	(78.0)	(2,469,192)	(84.8)
Gross profit	**860,822**	**23.5**	**922,038**	**22.4**	**951,559**	**20.0**	**480,992**	**22.0**	**442,852**	**15.2**
Other income and gains	59,595	1.6	91,264	2.2	89,793	1.9	63,984	2.9	20,895	0.7
Selling and marketing expenses	(132,064)	(3.6)	(133,085)	(3.2)	(106,236)	(2.2)	(53,045)	(2.4)	(71,566)	(2.5)
Administrative expenses	(211,262)	(5.8)	(288,775)	(7.0)	(305,731)	(6.4)	(145,683)	(6.7)	(149,627)	(5.1)
Research and development expenses	(122,070)	(3.3)	(135,028)	(3.3)	(162,531)	(3.4)	(70,742)	(3.2)	(108,229)	(3.7)
Reversal of impairment loss/ (impairment loss) on financial assets, net	7,101	0.2	3,371	0.1	(1,503)	(0.0)	(2,039)	(0.1)	1,634	0.1
Other expenses	(52,559)	(1.4)	(27,725)	(0.7)	(73,895)	(1.6)	(37,926)	(1.7)	(235,813)	(8.1)
Finance costs	(92,190)	(2.5)	(103,117)	(2.5)	(124,399)	(2.6)	(57,767)	(2.6)	(78,172)	(2.7)
Profit/(loss) before tax	**317,373**	**8.7**	**328,943**	**8.0**	**267,057**	**5.6**	**177,774**	**8.1**	**(178,026)**	**(6.1)**
Income tax expense	(51,218)	(1.4)	(52,726)	(1.3)	(35,707)	(0.8)	(18,975)	(0.9)	(13,180)	(0.5)
Profit/(loss) for the year/period	**266,155**	**7.3**	**276,217**	**6.7**	**231,350**	**4.9**	**158,799**	**7.3**	**(191,206)**	**(6.6)**

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
		(RMB in thousands)		
Total non-current assets	2,661,920	4,197,324	4,765,751	6,023,339
Total current assets	2,244,462	2,599,460	3,675,370	4,329,816
Total current liabilities	2,253,351	3,953,809	2,954,822	4,297,887
Net current (liabilities)/assets	(8,889)	(1,354,349)	720,548	31,929
Total assets less current liabilities	2,653,031	2,842,975	5,486,299	6,055,268
Total non-current liabilities	1,119,735	996,412	2,583,775	3,530,035
Net assets	1,533,296	1,846,563	2,902,524	2,525,233

SELECTED CASH FLOW STATEMENT INFORMATION

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Net cash flows from operating activities	818,494	605,800	412,729	209,134	65,855
Net cash flows used in investing activities	(672,337)	(1,284,900)	(1,511,358)	(651,589)	(1,347,163)
Net cash flows from financing activities	92,991	579,600	1,566,056	737,772	1,396,153
Net increase/(decrease) in cash and cash equivalents	**239,148**	**(99,500)**	**467,427**	**295,317**	**114,845**
Cash and cash equivalents at the beginning of the year/period	315,900	585,005	541,087	541,087	1,014,752
Effect of foreign exchange rate changes, net	29,957	55,582	6,238	20,475	(36,185)
Cash and cash equivalents at the end of the year/period	**585,005**	**541,087**	**1,014,752**	**856,879**	**1,093,412**

KEY FINANCIAL RATIOS

	As of/For the year ended December 31,			As of/ For the Six months ended
	2023	2024	2025	June 30, 2026
Gross profit margin (%)(1)	23.5	22.4	20.0	15.2
Net profit/(loss) margin (%)(2)	7.3	6.7	4.9	(6.6)
Return on equity (%)(3)	19.1	16.3	9.7	(14.1)
Current ratio(4)	1.0	0.7	1.2	1.0
Liability-to-asset ratio (%)(5)	68.7	72.8	65.6	75.6

(1) Gross profit margin equals gross profit divided by revenue.

(2) Net profit/(loss) margin equals profit/(loss) for the year/period divided by revenue.

(3) Return on equity equals profit/(loss) for the year/period divided by the average of opening and closing total equity. Return on equity for the six months ended June 30, 2026 is annualized by multiplying the six-month return on equity by two.

(4) Current ratio equals total current assets divided by total current liabilities.

(5) Liability-to-asset ratio equals total liabilities divided by total assets.

[REDACTED]

In the six months ended June 30, 2026, we made prepayments of H Share [REDACTED] of RMB[REDACTED]. Our [REDACTED] mainly include (1) [REDACTED]-related expenses, such as [REDACTED] fees and [REDACTED]; (2) non-[REDACTED]-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED]; and (3) other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the mid-point of the indicative [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED]-related expenses of HK$[REDACTED], professional fees for our legal advisors and Reporting Accountants of HK$[REDACTED] and other fees and expenses of HK$[REDACTED]. An estimated amount of HK$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED].

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Since October 2025, our A Shares have been listed on the Shanghai Stock Exchange (the "**A-Share Listing**"). Our Directors confirm that since our A-Share Listing and up to the Latest Practicable Date, we had no instances of material non-compliance with the applicable rules of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, DEH was entitled to exercise approximately 86.10% of the voting rights in our Company through 376,277,619 A Shares it directly held. DEH was wholly owned by Wintek Mauritius, which was in turn wholly owned by Dynamic Taoyuan, which was in turn wholly owned by Dynamic Holding. Dynamic Holding was a company listed on the Taiwan Stock Exchange (stock code: 3715) and, as of the Latest Practicable Date, none of the shareholders of Dynamic Holding held 30.00% or more of the equity interests therein.

Immediately after the completion of the [REDACTED], DEH, Wintek Mauritius, Dynamic Taoyuan and Dynamic Holding will be entitled to exercise approximately [REDACTED]% of the voting rights in our Company (assuming the [REDACTED] is not exercised, no new Shares are issued pursuant to the 2026 Share Option Scheme and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]). Accordingly, DEH, Wintek Mauritius, Dynamic Taoyuan and Dynamic Holding will constitute a group of our Controlling Shareholders upon the [REDACTED].

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

We estimate that the net [REDACTED] from the [REDACTED] will be approximately HK$[REDACTED], after deducting [REDACTED] and other estimated fees and expenses in connection with the [REDACTED], assuming an [REDACTED] of HK$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] stated in this document) and that the [REDACTED] is not exercised. We intend to use the net [REDACTED] from the [REDACTED] for the following purposes: (1) approximately [REDACTED]%, or HK$[REDACTED], for production capacity expansion and intelligent upgrades to capture growing demand for advanced PCBs used in AI computing infrastructure, intelligent vehicles and advanced data storage applications; (2) approximately [REDACTED]%, or HK$[REDACTED], for research and development initiatives to strengthen our innovation capabilities and technology reserves and support the commercialization of higher-specification products; and (3) approximately [REDACTED]%, or HK$[REDACTED], for working capital and other general corporate purposes. See "Future Plans and Use of [REDACTED]" for further information relating to our future plans and use of [REDACTED] from the [REDACTED].

DIVIDENDS

We did not declare any dividends in 2023, 2024 and 2025. In May 2026, a final dividend of RMB69.9 million was approved at our annual general meeting and was fully paid in July 2026. Future profit distributions may be made in the form of cash dividends, stock dividends or a combination of both, with the proportion of cash dividends determined by reference to our stage of development and capital expenditure requirements. We do not have a fixed dividend payout ratio. Any proposed dividend distribution is subject to review by our Board, including review by the audit committee, and approval by our Shareholders at a Shareholders' meeting. In considering whether to recommend any future dividend distribution and the amount thereof, our Board will take into account, among others, our results of operations, financial condition, operating and capital requirements, the interests of our Shareholders and such other factors as our Board may consider relevant.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

Our Company has applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares to be [REDACTED] pursuant to the [REDACTED] (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]), on the basis that, among others, the Company satisfies the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules, with reference to (1) the Group's revenue for the financial year ended December 31, 2025, being approximately RMB4,752.3 million (equivalent to approximately HK$5,504.8 million), which is over HK$500 million; and (2) the Company's expected market capitalization at the time of the [REDACTED] of approximately HK$[REDACTED] (based on the low-end of the indicative [REDACTED]), which exceeds HK$4 billion.

RECENT DEVELOPMENT

Our Directors confirmed that, subsequent to the Track Record Period and up to the date of this document, (1) there was no material adverse change in the market conditions and the regulatory environment in which our Group operates that would affect our financial or operating position materially and adversely; (2) there was no material adverse change in our business, revenue structure, profitability, cost structure, financial position and prospects; and (3) no event had occurred that would affect the information shown in our Accountants' Report in Appendix I to this document materially and adversely.

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

"2022 Employee Incentive Scheme"	the share incentive scheme adopted by our Company on September 7, 2022, as amended, supplemented or otherwise modified from time to time, the principal terms of which are set out in the section headed "Appendix VI—Statutory and General Information—E. 2022 Employee Incentive Scheme"
"2026 Share Option Scheme"	the share option scheme adopted by our Company on May 11, 2026, the principal terms of which are set out in the section headed "Appendix VI—Statutory and General Information—D. 2026 Share Option Scheme"
"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are traded in Renminbi and listed on the Shanghai Stock Exchange
"A Shareholder(s)"	holder(s) of our A Share(s)
"Accountants' Report"	the accountants' report of our Company for the Track Record Period, as included in Appendix I to this document
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on September 17, 2026, with effect from the [REDACTED], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix V to this document
"Audit Committee"	the audit committee of the Board
"Beyond Expectation"	Beyond Expectation Co., Limited (必穎有限公司), a limited liability company incorporated in Hong Kong on November 25, 2021, and one of the Employee Shareholding Platforms
"Board"	the board of Directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"China" or "PRC"	the People's Republic of China
"Chinese Mainland"	the mainland of China, excluding, for the purposes of this document, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company," "our Company" or "the Company"	Dynamic Electronics Co., Ltd. (超穎電子電路股份有限公司) (formerly known as Dynamic Electronics (H.S.) Co., Ltd. (定穎電子(黃石)有限公司) and Dynamic Electronics (Huangshi) Co., Ltd. (定穎電子(黃石)股份有限公司)), a company established under the laws of the PRC on November 6, 2015, and converted into a joint stock company with limited liability under the laws of the PRC on December 7, 2022, whose A Shares have been listed on the Shanghai Stock Exchange (stock code: 603175)
"Controlling Shareholders"	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to DEH, Wintek Mauritius, Dynamic Taoyuan and Dynamic Holding
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"DEH"	Dynamic Electronics Holding Pte. Ltd., a private company limited by shares incorporated under the laws of the Republic of Singapore on January 2, 2015, and one of our Controlling Shareholders
"Director(s)"	the director(s) of our Company
"Dynamic Holding"	Dynamic Holding Co., Ltd. (定穎投資控股股份有限公司), a joint stock company with limited liability established in Taiwan on August 25, 2022, the shares of which are listed on the Taiwan Stock Exchange (stock code: 3715), and one of our Controlling Shareholders
"Dynamic Kunshan"	Dynamic Electronics (Kunshan) Co., Ltd. (定穎電子(昆山)有限公司), a limited liability company established in the PRC on February 6, 2002, and one of our subsidiaries
"Dynamic Seychelles"	Dynamic Electronics Co., Ltd., a limited liability company incorporated in the Republic of Seychelles on October 3, 2014, and one of our subsidiaries
"Dynamic Taoyuan"	Dynamic Electronics (Taoyuan) Co., Ltd. (定穎電子股份有限公司), a joint stock company with limited liability established in Taiwan on August 18, 1988, and one of our Controlling Shareholders
"Dynamic Thailand"	Dynamic Technology Manufacturing (Thailand) Co., Ltd., a limited liability company incorporated in Thailand on April 25, 2023, and one of our subsidiaries
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"Employee Shareholding Platforms"	our employee shareholding platforms, including Beyond Expectation, Transcend Reputation, Huangshi Jingzhun Manufacturing, Huangshi Juhong and Huangshi Juying
"ESG"	environmental, social and governance

DEFINITIONS

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any governmental authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions, and occurring before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
[REDACTED]	[REDACTED]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"F&S Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, a summary of which is set forth in "Industry Overview"
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Group," "our Group," "we," "our" or "us"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the content may require), or where the context so requires, in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	overseas [REDACTED] foreign shares in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and [REDACTED] on the Stock Exchange
"H Shareholder(s)"	holder(s) of our H Share(s)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
[REDACTED]	[REDACTED]
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Huangshi Jingzhun Manufacturing"	Huangshi Jingzhun Manufacturing Enterprise Management Partnership (Limited Partnership) (黃石精準制程企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on December 15, 2021, and one of the Employee Shareholding Platforms
"Huangshi Juhong"	Huangshi Juhong Enterprise Management Partnership (Limited Partnership) (黃石巨宏企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on December 13, 2021, and one of the Employee Shareholding Platforms
"Huangshi Juying"	Huangshi Juying Enterprise Management Partnership (Limited Partnership) (黃石巨穎企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on December 16, 2021, and one of the Employee Shareholding Platforms
"IFRS"	IFRS Accounting Standards, as issued by the International Accounting Standards Board

"Independent Third Party(ies)"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, is/are not a connected person of our Company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Joint Sponsors"	the joint sponsors as named in "Directors and Parties Involved in the [REDACTED]" in this document
"Latest Practicable Date"	September 14, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication
[REDACTED]	[REDACTED]
"Listing Committee"	the Listing Committee of the Stock Exchange
[REDACTED]	[REDACTED]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)

"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Huang"	Mr. Huang Ming-Hung (黃銘宏), the chairman of our Board, an executive Director and our general manager
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"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)
"NPC Standing Committee"	Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"NS CMIC List"	the U.S. Department of Treasury's Non-Specially Designated National Chinese Military-Industrial Complex Companies List
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"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 PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Fangda Partners, our legal advisor as to PRC laws
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

[REDACTED]	[REDACTED]
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of China
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including A Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
[REDACTED]	[REDACTED]
"STA"	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
[REDACTED]	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"Taiwan"	Taiwan Region of the PRC
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC
"Track Record Period"	the years ended December 31, 2023, 2024, and 2025 and the six months ended June 30, 2026
"Transcend Reputation"	Transcend Reputation Co., Limited (超銘有限公司), a limited liability company incorporated in Hong Kong on November 29, 2021, and one of the Employee Shareholding Platforms
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"VAT"	value-added tax
"Wintek Mauritius"	Wintek (Mauritius) Co., Ltd., a private company limited by shares incorporated under the laws of the Republic of Mauritius on December 7, 2001, and one of our Controlling Shareholders
"%"	percent

In this document, the terms "associate(s)," "close associate(s)," "connected person(s)," "connected transaction(s)," "core connected person(s)," "controlling shareholder(s)," "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of the PRC established companies or entities, laws or regulations 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.

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.

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain technical terms used in this document in connection with us and our business. Such terms and their meanings may not correspond to standard industry definitions or usage.

"AI data storage PCB"	a data storage PCB used in an AI server
"any-layer interconnect HDI"	an HDI structure using microvias across build-up layers to connect selected conductive layers and provide flexibility in interlayer routing
"AOI"	automated optical inspection, which compares manufactured circuit patterns with design data to identify opens, shorts and other defects
"ASIC"	application-specific integrated circuit, an integrated circuit designed to perform a particular function or set of functions
"autonomous-driving technology Level 2," "Level 3" or "Level 4"	levels of autonomous-driving technology representing progressively higher degrees of automated vehicle control and reduced need for driver intervention
"back-drilling" and "residual stub"	back-drilling removes unused conductive portions of plated through-holes to reduce signal reflections; the unused portion remaining after drilling is the residual stub
"blind and buried vias"	blind vias connect an outer PCB layer to internal layers without passing through the entire board; buried vias connect internal layers without reaching either outer surface
"China's Bonded Zones"	special customs supervision areas in Chinese Mainland established to facilitate transit trade, export processing, warehousing and international transportation, where enterprises are subject to direct customs supervision and may benefit from preferential customs and tax arrangements
"coefficients of thermal expansion"	measures of dimensional change with temperature, relevant to material compatibility during lamination and subsequent thermal exposure
"contact finger"	a conductive PCB contact that connects with a mating connector, including long and short, double-row or segmented designs
"co-packaged optics"	an arrangement in which optical and electronic components are integrated in close proximity to support high-speed interconnection
"copper-clad laminate"	an insulating laminate clad with copper foil, used as a base material from which PCB circuitry is formed
"copper foil"	a thin sheet of copper used to form conductive layers in PCB materials and structures
"DDR5" and "DDR6"	fifth-generation and sixth-generation double data rate memory, respectively
"desmear"	removal of resin residue and other processing residue from drilled hole walls before metallization and plating
"dimensional stability"	the ability of a PCB or its constituent materials to maintain the required dimensions during processing and use
"DIMM"	dual in-line memory module, comprising memory components mounted on a circuit board with contacts for connection to a system
"domain controller"	an electronic control unit coordinating a group of related vehicle functions, such as autonomous-driving or smart-cockpit functions

"double-sided PCB"	a PCB with two conductive copper layers, one on each side of an insulating substrate, generally interconnected using plated through-holes
"DRAM"	dynamic random-access memory, a type of volatile semiconductor memory that stores data temporarily and requires periodic refreshing to retain such data
"electromagnetic compatibility"	the ability of electronic circuitry to operate satisfactorily in its electromagnetic environment without unacceptable interference
"electroplating"	deposition of metal using an electric current; in PCB production, it is used to build copper thickness and form conductive connections on surfaces and within holes
"embedded-copper PCB"	a PCB incorporating copper inserts or embedded copper structures to support current carrying and thermal management
"embodied intelligence"	artificial intelligence implemented in physical systems, such as robots, that interact with their surroundings through sensing, computation and control
"EMS"	electronics manufacturing services, including the manufacture or assembly of electronic products for brand owners
"etching"	formation of the designed circuit pattern by removing unprotected or unwanted copper
"FPC"	flexible printed circuit, circuitry formed on a flexible substrate to support bendable electronic connections
"Gbps"	gigabits per second, a unit of data-transmission rate equal to one billion bits per second
"gold salts"	gold-containing chemical compounds used as raw materials in PCB manufacturing, including surface-treatment processes
"GPU"	graphics processing unit, a processor used for graphics processing and parallel computing, including artificial intelligence workloads
"HDD"	hard disk drive, a data storage device using rotating magnetic disks; its PCB supports motor control, signal processing and power management
"HDI"	high-density interconnect, PCB technology using microvias, blind and buried vias, fine circuitry and sequential build-up layers to achieve denser connections
"high-aspect-ratio drilling and plating"	drilling and plating relatively deep, narrow holes; aspect ratio is the ratio of a hole's depth to its diameter; higher ratios require tighter control of drilling and plating uniformity
"high-build-up HDI"	HDI PCBs using a greater number of sequential build-up stages to support denser and more complex interconnections; build-up count is distinct from total conductive-layer count
"high-frequency PCB"	a PCB using materials and structures selected for radio-frequency or other high-frequency signal applications, with attention to transmission loss and electrical performance
"high-speed PCB"	a PCB designed to carry high-speed digital signals, with material and process controls addressing transmission loss, impedance and signal integrity

GLOSSARY OF TECHNICAL TERMS

"IATF 16949"	an automotive quality-management standard; IATF stands for International Automotive Task Force
"IC substrate"	a substrate providing electrical connection and mechanical support between a semiconductor chip and a PCB
"IECQ QC 080000"	a hazardous-substance process-management standard under the IEC Quality Assessment System for Electronic Components
"impedance" and "impedance control"	impedance is the opposition a circuit presents to an electrical signal; impedance control manages PCB materials, dimensions and structures to maintain the intended characteristics of signal paths
"insertion loss"	the reduction in signal power as a signal passes through a transmission path, component or interconnection
"lamination" and "lay-up"	lay-up arranges and aligns inner layers, prepregs and other constituent materials; lamination bonds conductive and insulating layers under controlled heat and pressure to form a PCB structure
"LCD"	liquid-crystal display, a display technology using liquid crystals to control the passage of light
"lead-free reflow cycle"	a heating and cooling cycle associated with soldering using lead-free solder, also simulated during thermal-reliability testing
"low-loss materials"	materials selected to limit signal-energy loss in high-frequency or high-speed PCB applications
"LPCAMM2"	low Power Compression Attached Memory Module 2, a memory-module form factor using compression contacts
"M7- to M10-grade materials"	grade designations for high-speed laminate materials
"massive MIMO"	massive multiple-input multiple-output, a wireless communications technology that uses large antenna arrays and advanced signal processing to simultaneously serve multiple users through techniques such as spatial multiplexing and beamforming
"memory module"	a standardized memory component comprising multiple DRAM memory chips and supporting components mounted on a PCB, designed to be installed in a computer system to provide memory capacity
"micrometer (μm)", "nanometer" and "mil"	units of length equal to one millionth of a meter, one billionth of a meter and one thousandth of an inch, respectively, used for PCB dimensions and precision measurements
"microvia"	a small conductive interconnection, typically formed by laser drilling and subsequent metallization, used to connect selected layers in an HDI PCB
"millimeter-wave radar"	a radar technology using millimeter-wavelength radio signals for sensing, including automotive object detection
"Mini LED"	mini light-emitting diode, a display-related technology using small light-emitting diodes
"MOSFET"	metal-oxide-semiconductor field-effect transistor, a semiconductor device used for electronic switching or control and in embedded-component development

GLOSSARY OF TECHNICAL TERMS

"mSAP"	modified semi-additive process, a circuit-forming process that selectively builds copper to achieve finer line widths and spacing than conventional subtractive etching
"multilayer PCB"	a PCB comprising three or more conductive layers separated by insulating materials and laminated into a single board
"NAND flash memory"	a type of semiconductor flash memory used for data storage in solid-state drives
"OLED"	organic light-emitting diode, a display technology using organic light-emitting materials
"optical module"	an electronic and optical assembly used to transmit or receive data over optical links
"PCB"	printed circuit board, bearing conductive patterns on an insulating substrate to provide mechanical support, electrical interconnection and signal transmission for electronic components
"PCIe"	peripheral Component Interconnect Express, a high-speed interface connecting electronic components and devices; PCIe 5.0 and PCIe 6.0 denote different generations
"plated through-hole"	a hole extending through a PCB with conductive metal on its walls to provide electrical connections between layers
"prepreg"	a sheet or roll of fiber-reinforced material impregnated with thermosetting resin and partially cured to the B-stage (semi-cured)
"PTFE"	polytetrafluoroethylene, a material used in specialized high-frequency PCB material systems
"Q cloth"	reinforcement cloth incorporated into M9-grade copper-clad laminates
"rigid-flex PCB"	a PCB combining rigid and flexible circuit sections within one structure
"SOCAMM"	small-outline compression-attached memory module, a memory-module form factor used in data storage PCB applications
"solder mask"	an insulating coating applied to protect PCB circuitry while leaving the required component pads exposed for assembly
"SSD"	solid-state drive, a data storage device using semiconductor memory; its PCB carries components such as flash memory, controllers, cache and interfaces
"surface finish"	a metallic or organic coating applied to exposed conductive areas of a PCB to limit oxidation and support solderability or contact performance
"thermal management"	control and transfer of heat to maintain the required operating conditions and reliability of electronic products
"thick-copper PCB"	a PCB using comparatively thick copper conductors to support higher current-carrying requirements and thermal management
"Tier 1 supplier"	a supplier providing components or systems directly to an original equipment manufacturer, referred to principally in the automotive industry context

"via"	a conductive interconnection between PCB layers, which may take the form of a through-hole, blind via, buried via or microvia
"VMI"	vendor-managed inventory, a supply chain arrangement under which the supplier monitors and replenishes inventory at the customer's designated location to maintain agreed stock levels and support continuity of supply without requiring individual replenishment orders from the customer
"warpage"	deviation of a PCB from its intended flat shape, which may affect assembly and product reliability

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of, assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "target," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business and operating strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- our financial condition and performance;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have or undertake any obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] price of our H Shares could decline, and you may lose all or part of your [REDACTED]. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled "Forward-Looking Statements" of this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The printed circuit board ("PCB") industry is highly competitive, and our failure to compete effectively could reduce our orders, selling prices, market share and profitability.

The global PCB industry is highly competitive in terms of pricing, technology, product quality, manufacturing capability, capacity, yield, delivery performance and customer service. We compete with manufacturers that may have larger scale, longer operating histories, broader product portfolios, more diversified customer bases, more established overseas operations or greater financial, technical and operational resources. Such competitors may achieve lower unit costs, invest more heavily in high-density interconnect ("**HDI**") PCB technologies and other advanced products, including high-layer-count, high-build-up, high-frequency and high-speed PCBs, expand capacity more quickly, offer more favorable commercial terms or respond more effectively to customer requirements and market opportunities.

Competition may intensify as existing manufacturers expand into advanced PCB products or overseas production, new manufacturers enter our target markets, or customers consolidate their supplier bases. We may be required to reduce prices, make additional capital or research and development investments, incur higher qualification and service costs, or accept less favorable payment or other commercial terms to retain or win business. If we fail to keep pace with technological advances, maintain competitive costs and yields, meet product-quality and delivery requirements or establish sufficient customer relationships and overseas production capabilities, we may lose customers or fail to obtain new orders, which could materially and adversely affect our business, financial condition and results of operations.

Adverse developments in our downstream application sectors, or changes in our application and product mix, could materially and adversely affect our revenue, gross profit margins and results of operations.

Demand for our PCBs is linked to the development cycles, shipment volumes, inventory adjustments, capital expenditure and technological requirements of the downstream applications we serve, including automotive electronics, data storage, communications and AI servers, display and consumer electronics, as well as other applications such as embodied intelligence, industrial control, medical devices and green energy. These sectors are affected by macroeconomic conditions, consumer and enterprise spending, investment in data and communications infrastructure, vehicle production and sales, technology replacement cycles, government policy, availability of financing and other factors beyond our control. A reduction, postponement or cancellation of purchases by customers in any material application sector could reduce demand for our products.

Automotive electronics remained our largest application sector during the Track Record Period, accounting for 68.8%, 65.7%, 55.4%, 59.6% and 51.4% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Revenue from communication and AI server applications increased from 4.3% of our total revenue in 2023 to 10.0% in the six months ended June 30, 2026, while revenue from data storage applications increased from 7.0% to 15.8% over the same period. This diversification changes our customer, product and production mix and may not improve our profitability. For example, the gross profit margin of automotive electronics applications decreased from 19.4% in 2023 to 2.8% in the six months ended June 30, 2026, and the gross profit margin of communication and AI server applications decreased from 27.5% in 2024 to 17.0% in the six months ended June 30, 2026. Different applications require different materials, layer counts, manufacturing processes, qualification periods, production cycles and yields, and therefore have different average selling prices and gross profit margins. If demand shifts towards lower-margin products, if higher-specification products do not achieve expected volume or yields, or if a downturn affects a sector from which we derive material revenue, our revenue, capacity utilization and profitability could be materially and adversely affected.

We may depend on a limited number of major customers, and any reduction, delay, reallocation or cancellation of their orders, or their exercise of bargaining power, could materially and adversely affect our business and results of operations.

In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue from our five largest customers accounted for 49.9%, 43.0%, 38.2% and 34.7% of our total revenue, respectively, and revenue from our single largest customer accounted for 17.4%, 13.8%, 11.4% and 9.7%, respectively. Our principal customers include brand owners, other end-product manufacturers and electronics manufacturing services ("**EMS**") providers. The loss of, or a material reduction in business from, one or more major customers could be difficult to replace within a short period because qualification and product-introduction processes for PCB suppliers and new customers may be lengthy. See "Business—Customers."

Our framework agreements generally do not require customers to purchase a minimum quantity, and purchase orders, forecasts and allocation decisions may be changed, delayed or cancelled in response to customers' end-market demand, inventory levels, product life cycles, sourcing strategies, production location, pricing expectations or other considerations. Customers may also require annual or project-specific price reductions, allocate orders among multiple qualified suppliers, transfer orders to other production locations or require us to absorb increases in raw-material, labor, logistics or tariff costs. Because our PCBs are customized for particular customers, products, materials and capacity prepared for one customer may not be readily redeployed to another customer. Any loss of a major customer, reduction in its order allocation, failure to secure new customers or inability to agree commercially acceptable prices could reduce our revenue, lead to underutilized capacity or inventory write-downs and materially and adversely affect our business, financial condition and results of operations.

Shortages, quality issues or price increases affecting our raw materials, or our inability to pass increased costs to customers promptly, could disrupt production and reduce our gross profit margins.

Raw materials were the largest component of our cost of sales, representing 55.5%, 53.8%, 55.2%, 52.8% and 56.9% of total cost of sales in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our principal raw materials include copper-clad laminates, prepregs, gold salts, copper foil, copper balls or powder, dry films, inks, chemical solutions and other auxiliary materials. Copper is an important underlying commodity input for several of these raw materials, including copper-clad laminates, copper foil and copper balls or copper powder. Accordingly, fluctuations in copper prices may directly affect our procurement costs. Copper prices are affected by a broad range of factors beyond our control, including global and regional supply and demand, market energy prices, geopolitical developments and trade policies, as well as speculative activities and investor sentiment in commodity markets. Sharp or sustained increases in copper prices could therefore increase the procurement prices of our copper-related raw materials and our overall cost of sales. Our ability to pass increases in raw material costs, including those resulting from increases in copper prices, on to customers may be constrained by agreed prices, annual price-down expectations, competitive conditions, customer negotiation cycles and the time required to approve price adjustments. There may therefore be a timing mismatch between increases in our procurement costs and corresponding adjustments to our selling prices, and we may not recover such cost increases in full or on a timely basis. For example, in the six months ended June 30, 2026, higher raw material costs, including increases in the procurement prices of copper-clad laminates, copper foil and copper balls or copper powder, contributed to the decrease in gross profit from our PCB products. Alternative materials or suppliers may also require customer approval and may not be available on acceptable terms or in time to avoid production disruption. Any material shortage, quality issue, delivery delay or increase in raw material costs, including any significant increase in copper prices, could interrupt production, increase our procurement and working capital requirements, reduce our gross profit margins and materially and adversely affect our business, financial condition and results of operations.

A significant proportion of our purchases is concentrated among a limited number of suppliers, and any disruption to these supplier relationships could adversely affect our production and profitability.

In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers accounted for 41.5%, 40.1%, 42.2% and 45.3% of our total purchases, respectively, while purchases from our largest supplier accounted for 10.6%, 11.9%, 13.4% and 14.2%, respectively. Our major suppliers principally supply copper-clad laminates, prepregs, gold salts, copper balls, copper foil and other raw materials used in our PCB production. See "Business—Supply Chain—Major Suppliers." The concentration of our purchases among a limited number of suppliers may reduce our flexibility in negotiating prices, payment terms and delivery schedules and increase our exposure to disruptions affecting any major supplier. If any of these suppliers reduces or discontinues supply, experiences financial or operational difficulties, fails to meet our quality or delivery requirements or seeks less favorable commercial terms, we may be unable to obtain sufficient quantities of the required materials on a timely basis or on comparable terms.

Although we generally maintain at least two qualified suppliers for principal materials, certain customers designate particular sources, and specialized high-frequency, high-speed and low-loss materials may have a limited supplier base. Qualifying replacement suppliers or alternative materials may require material trials, sample testing, process assessments and, where applicable, customer approval or requalification. These procedures may be time-consuming and costly, and alternative suppliers may not be able to meet our specifications, quality standards, required volumes or delivery schedules. Accordingly, our supplier qualification and diversification measures may not fully mitigate the risks arising from supplier concentration. Any prolonged disruption to supply from a major supplier or difficulty in securing suitable alternatives could interrupt production, delay customer deliveries, increase costs and damage customer relationships, materially and adversely affecting our business, financial condition and results of operations.

Our gross profit margins and profitability have declined, and we recorded a net loss in the six months ended June 30, 2026. These trends may continue or worsen and could materially and adversely affect our business, financial condition, results of operations and prospects.

Although our revenue increased from RMB3,656.3 million in 2023 to RMB4,752.3 million in 2025 and by 33.3% from RMB2,184.8 million in the six months ended June 30, 2025 to RMB2,912.0 million in the corresponding period in 2026, our overall gross profit margin decreased from 23.5% in 2023 to 22.4% in 2024 and 20.0% in 2025, and further decreased from 22.0% in the six months ended June 30, 2025 to 15.2% in the corresponding period in 2026. In the six months ended June 30, 2026, our cost of sales increased by 44.9% from RMB1,703.8 million to RMB2,469.2 million, outpacing the increase in our revenue. Gross profit from our PCB products decreased by 31.1% from RMB349.2 million to RMB240.5 million, and the related gross profit margin decreased from 17.0% to 8.9%. Our profit for the year decreased from RMB276.2 million in 2024 to RMB231.4 million in 2025, and we recorded a net loss of RMB191.2 million in the six months ended June 30, 2026, compared with a net profit of RMB158.8 million in the corresponding period in 2025.

Our profitability is affected by sales volume, average selling prices, product, application and customer mix, raw-material and labor costs, production complexity, capacity utilization, yields, fixed-cost absorption, foreign exchange movements, financing costs and the ramp-up of new capacity. We may be unable to increase selling prices, improve product mix, raise yields, reduce manufacturing costs or achieve economies of scale sufficiently or promptly to offset adverse cost or market developments. If our margins do not recover, if our other revenue decreases or if adverse foreign exchange, inventory or financing effects recur, we may continue to incur losses or experience further deterioration in our operating cash flow and financial position.

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

Our historical financial information may not be indicative of our future financial results. Such financial information is not intended to represent or predict the results of operations for any future periods. Our future growth is, to a certain extent, based upon our forward-looking assessment of market prospects. We cannot guarantee that our assessment will always turn out to be correct or that we can grow our business as planned. Our expansion plans may be affected by a number of factors beyond our control.

Managing our growth will require significant expenditure and allocation of resources. We need to effectively manage our growth and achieve sustainable profitability as we expect our costs and expenses to continue to increase in the future. We will also need to expand, train, manage and motivate our workforce and manage our relationships with suppliers, customers and other business partners. All these endeavors entail risks and demand considerable management efforts, skills and significant additional expenditures, which could strain our capacity to enhance our operational, auditing, human resources, financial and management controls. If we fail to achieve the necessary level of efficiency in our organization as we grow, our business, financial condition and results of operations may be materially and adversely affected.

Lengthy and uncertain customer, factory, material and product qualification processes may delay or prevent the commercialization of new products and production capacity and may not result in material orders.

Our growth depends in part on our ability to collaborate with existing and prospective customers, qualify our production bases, materials and manufacturing processes, obtain product approvals and secure design wins and production programs. Our PCBs are customized and may be incorporated into products that require stringent performance and reliability standards. Qualification and approval may involve factory audits, technical and design reviews, material certification, design-for-manufacturability assessment, sample production, reliability testing, trial production, small-batch validation and production part approval. Our product and process development cycle has generally ranged from approximately six to 24 months, and automotive-electronics customer qualification may take approximately two to three years, while the order cycle of an automotive program may generally extend for approximately three to five years.

The duration, cost and outcome of qualification depend on product complexity, customer requirements, changes in customer designs and schedules, test results, our process capability and yields, and customers' internal approval procedures. Customers may require requalification following a change in materials, manufacturing process, production equipment, production base or supplier. Qualification may be delayed, suspended or unsuccessful, and successful qualification does not guarantee any minimum order volume, profitable pricing or the award of follow-on orders. If the qualification or ramp-up of our advanced products or our Thailand production base takes longer than expected, requires additional expenditure or fails to generate sufficient orders, our capacity may be underutilized, our development and manufacturing costs may not be recovered and our growth and profitability could be materially and adversely affected.

If we fail to develop, validate and commercially produce new or enhanced PCB products and manufacturing technologies in a timely and cost-effective manner, we may lose customers and business opportunities and our competitive position may be harmed.

Our target applications increasingly require higher layer counts, denser interconnection, finer line width and spacing, lower signal loss, more precise impedance and back-drilling control, higher reliability and greater thermal-management capability. To meet these requirements, we must develop and validate new materials, stack-up structures and processes, including high-layer-count and high-build-up HDI, any-layer interconnection, microvia and via-filling processes, high-frequency and high-speed material processing, embedded-component and thermal-management structures, and other advanced technologies.

Development projects may encounter technical failures, lower-than-expected yields, reliability issues, equipment or material constraints, delays in customer evaluation or changes in customer requirements. Competitors may commercialize superior or lower-cost solutions before us, or end-market demand may change before our products enter mass production. Even where we achieve sample, internal-validation or mass-production capability, we may not secure sufficient customer orders or produce at commercially acceptable yields and costs. Our failure to anticipate technological changes, achieve required specifications, obtain customer acceptance or convert development projects into profitable mass production could result in wasted research and development expenditure, equipment impairment, loss of customer orders and reduced revenue and profitability.

Our substantial production-capacity expansion and capital expenditure may be delayed, exceed budget or fail to generate the expected demand, efficiencies or returns.

PCB manufacturing is capital intensive. Our property, plant and equipment increased from RMB2,536.3 million as of December 31, 2023 to RMB5,497.9 million as of June 30, 2026, while construction in progress increased to RMB1,540.7 million as of June 30, 2026. Cash payments for purchases of property, plant and equipment and other intangible assets were RMB704.8 million, RMB1,275.4 million, RMB1,511.4 million, RMB651.6 million and RMB1,356.0 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. As of June 30, 2026, our capital commitments contracted for but not provided for were RMB1,724.3 million.

Capacity expansion involves site development, construction, procurement and installation of specialized equipment, environmental and other approvals, equipment commissioning, process qualification, recruitment and training, material qualification and customer certification. These activities may be affected by construction delays, cost overruns, equipment delivery or performance issues, contractor disputes, shortages of qualified personnel or materials, changes in regulatory requirements and customer order delays. New capacity may take longer than expected to reach stable production and may initially have lower yields and higher unit costs. If end-market demand, customer orders or product mix differ from our assumptions, expanded capacity may be underutilized or unsuitable for the products demanded by customers.

Capital expenditure increases depreciation and other fixed costs and may require additional borrowings or equity financing. We may be required to modify, postpone or cancel projects, incur impairment or disposal losses or continue funding projects that do not achieve the expected commercial return. Any failure to complete or ramp up our expansion projects on schedule and within budget, or to obtain sufficient profitable orders for the resulting capacity, could materially and adversely affect our cash flows, indebtedness, profitability and financial condition.

Fluctuations in capacity utilization, product yields and the technical complexity of our product mix may result in under-absorption of fixed costs, higher unit production costs and lower gross profit margins.

Our manufacturing operations have substantial fixed costs, including depreciation, production personnel, utilities, maintenance and factory overhead. Our overall capacity utilization rate was 90.7% in 2023, 93.6% in 2024, 86.3% in 2025, 83.2% in the six months ended June 30, 2025 and 94.8% in the corresponding period in 2026. Utilization also varied among production bases and periods. For example, the Kunshan production base had utilization rates of 78.5% in 2023 and 76.7% in the six months ended June 30, 2025. Meanwhile, our Thailand production base commenced commercial production in the fourth quarter of 2024 and remained in a ramp-up stage during the Track Record Period. In 2024, 2025 and the six months ended June 30, 2025 and 2026, its production capacity was 26,688 square meters, 494,468 square meters, 238,934 square meters and 155,305 square meters, respectively, and its capacity utilization rate was 66.5%, 68.3%, 63.8% and 76.2%, respectively. During the ramp-up, production volume and utilization were insufficient to absorb fixed costs efficiently, while depreciation, staffing, product and factory qualification, process adjustment and yield stabilization adversely affected manufacturing costs and gross profit margins. Reflecting the estimated unavoidable costs of fulfilling certain outstanding customer orders during this period, we recognized a provision for onerous contracts of RMB20.8 million, RMB11.5 million and RMB6.5 million as of December 31, 2024 and 2025 and June 30, 2026, respectively.

Utilization depends on customer orders, production schedules, product mix, material availability, equipment uptime, production allocation, customer and factory qualification and the timing of new-line commissioning. Higher-layer-count, high-build-up HDI and other advanced PCBs require additional lamination, laser or mechanical drilling, plating, back-drilling, testing and inspection, longer production cycles and tighter control over layer registration, hole-wall plating, warpage, impedance, signal integrity and reliability. An increase in advanced products may reduce output measured by finished-board area even where production value and complexity increase and may initially result in lower yields, more scrap, rework and outsourced processing.

If demand falls or orders are delayed, fixed manufacturing costs may be allocated over a lower production volume. If yields deteriorate or process parameters fail to stabilize, material consumption, labor, rework, scrap and delivery costs may increase. We may also need to reserve capacity before a customer's order reaches stable volume production. Any inability to maintain satisfactory utilization and yields or to manage a more complex product mix could reduce gross profit margins, lead to inventory write-downs or asset impairment and materially and adversely affect our results of operations.

We may be unable to manage the increasing scale and complexity of our operations, which could lead to operational inefficiencies, control deficiencies and higher costs.

Our revenue, production assets, employee base, product portfolio and cross-border operations expanded during the Track Record Period. As of June 30, 2026, we had 6,972 employees and operated production bases in Huangshi and Kunshan in China and in Thailand. Managing this scale requires effective coordination of customer development, product engineering, production planning, procurement, logistics, quality control, research and development, treasury, information systems, human resources, regulatory compliance and internal controls across different production bases and jurisdictions.

Our management systems, personnel, information technology and internal controls may not keep pace with our growth or the technical complexity of advanced products. We may experience delays in decision-making, inconsistent execution among production bases, inaccurate demand or capacity planning, failures in cost or inventory control, difficulties in integrating new personnel or systems, or deficiencies in financial reporting and compliance. Remedial measures may require additional management attention and expenditure and may not be implemented effectively. If we cannot manage our growth and expansion effectively, our production efficiency, product quality, delivery performance, working capital, customer relationships and financial results could be materially and adversely affected.

Our inventories have increased substantially and are exposed to obsolescence, customer-specificity, damage and further write-downs to net realizable value.

Our inventories increased from RMB529.2 million as of December 31, 2023 to RMB706.2 million as of December 31, 2024, RMB980.9 million as of December 31, 2025 and RMB1,171.4 million as of June 30, 2026. Our inventory turnover days were 81 days, 74 days, 86 days and 85 days for 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. As of June 30, 2026, inventories included RMB223.9 million of raw materials, RMB373.6 million of work in progress, RMB255.8 million of finished goods and RMB318.1 million of goods in transit. Our PCBs are generally manufactured to customer-specific designs and are not readily interchangeable among customers. Changes in customer forecasts, order cancellations, delayed product launches, design changes, qualification failures, lower selling prices or product obsolescence may therefore leave us with materials, work in progress or finished goods that cannot be sold or used at their recorded cost. Inventory may also be lost, damaged, contaminated or deteriorate during production, storage or transportation.

Our provision for inventory write-downs increased from RMB28.3 million as of December 31, 2024 to RMB79.2 million as of December 31, 2025 and RMB80.6 million as of June 30, 2026. We recognized inventory write-downs of RMB72.4 million in 2025 and RMB65.1 million in the six months ended June 30, 2026. Estimates of net realizable value depend on expected selling prices, completion costs, future customer demand and the condition and age of inventories and may prove inaccurate. If demand weakens, customers reduce orders, product prices decline or production costs remain high, we may need to record additional write-downs, which could materially reduce our profit.

We are exposed to customer credit risk and increasing working-capital requirements arising from our trade and bills receivables.

Our trade and bills receivables increased from RMB998.6 million as of December 31, 2023 to RMB1,116.2 million as of December 31, 2024, RMB1,374.4 million as of December 31, 2025 and RMB1,677.4 million as of June 30, 2026. Our trade and bills receivables turnover days were 99 days, 94 days, 96 days and 95 days for 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Our credit terms vary by customer and are generally two to four months from the relevant invoice or settlement date. In the six months ended June 30, 2026, 71.8% of our revenue was generated from products delivered to China's Bonded Zones and overseas markets. Customers may delay payment or default because of financial difficulties, weak end-market demand, disputes over product quality, delivery or pricing, delays in payment by their own customers, insolvency, foreign exchange controls, geopolitical events or other factors beyond our control. Customer concentration may increase the effect of a default by a major customer. Even if a receivable is ultimately collected, extended collection periods can increase our working-capital requirements and reliance on external financing.

We assess expected credit losses based on historical collection experience, customer-specific information and forward-looking factors, but such estimates may not accurately predict future defaults. If customers fail to pay on time or at all, we may need to recognize additional impairment losses, incur collection or litigation costs, experience reduced operating cash flow and liquidity, or write off receivables, which could materially and adversely affect our financial condition and results of operations.

Our substantial and increasing indebtedness, capital expenditure and working-capital requirements may constrain our liquidity, increase financing costs and expose us to refinancing and covenant risks.

We have historically funded our operations and expansion through operating cash flow, bank borrowings and equity financing. Our total interest-bearing bank borrowings and lease liabilities increased from RMB1,877.9 million as of December 31, 2023 to RMB2,541.0 million as of December 31, 2024, RMB3,425.3 million as of December 31, 2025 and RMB4,909.4 million as of June 30, 2026. Finance costs increased from RMB92.2 million in 2023 to RMB124.4 million in 2025 and were RMB78.2 million in the six months ended June 30, 2026. Our liability-to-asset ratio, calculated as total liabilities divided by total assets, was 68.7%, 72.8%, 65.6% and 75.6% as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. Our future funding requirements may remain substantial because of capacity expansion, construction in progress, equipment purchases, research and development, inventory and receivables.

We may be unable to generate sufficient operating cash flow, renew or refinance borrowings when due, obtain additional facilities on acceptable terms or comply with financial or other covenants. Interest rates, credit conditions and lender risk appetite may change, and our net loss or high leverage may adversely affect our borrowing capacity. Additional debt could increase interest expense and restrict dividends, capital expenditure or other corporate actions, while additional equity financing could dilute existing Shareholders. A default or covenant breach could result in acceleration, enforcement against pledged assets or cross-default under other financing arrangements. Any inability to obtain sufficient financing or manage our indebtedness could delay expansion, disrupt operations and materially and adversely affect our liquidity, financial condition and prospects.

Fluctuations in foreign exchange rates have materially affected, and may continue to adversely affect, our financial performance.

Each entity within our Group determines its own functional currency based on the currency of the primary economic environment in which it operates. Certain sales, purchases, cash balances, receivables, payables and borrowings of our Group entities are denominated in currencies other than their respective functional currencies. Our cross-border operations therefore expose us to fluctuations among the RMB, U.S. dollar, Thai baht and other relevant currencies. Exchange-rate movements affect the retranslation and settlement of foreign-currency-denominated monetary assets and liabilities. The resulting financial impact depends on the direction and magnitude of currency movements and the net foreign currency positions of the relevant Group entities.

We recorded net foreign exchange gains of RMB18.1 million, RMB52.5 million, RMB51.5 million and RMB40.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, but recorded a net foreign exchange loss of RMB170.5 million in the six months ended June 30, 2026. See "Financial Information—Description of Major Components of Our Results of Operations—Other Expenses." Future currency movements may generate further foreign exchange losses, reduce the value of foreign-currency receipts or increase the cost of settling foreign-currency obligations. Differences in the currencies, amounts and timing of customer receipts, supplier payments and debt repayments may prevent these exposures from offsetting one another. Consequently, adverse exchange-rate movements could materially reduce our profits or increase our losses even where revenue or sales volumes continue to grow. Our historical foreign exchange gains are not indicative of future results, and we may continue to experience significant period-to-period volatility in our financial performance.

Defects, reliability failures or non-conformities in our products could result in returns, rework, warranty or product-liability claims, recalls, loss of customer qualifications and reputational damage.

Our PCBs are incorporated into automotive electronics, communication and AI server products, data storage devices, displays, consumer electronics and other products that may require high reliability and long service lives. Advanced, high-layer-count and HDI PCBs involve complex materials and processes and may contain latent defects relating to layer registration, microvias, plating, lamination, impedance, signal integrity, thermal reliability or other characteristics that are difficult to detect during production. A defect may become apparent only after assembly into a customer's module or end product or after extended use under temperature, vibration, electrical or other operating stresses. The value of products returned was RMB1.0 million, RMB1.3 million, RMB3.1 million and RMB5.2 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

Product defects or non-conformities may require sorting, rework, replacement, refund, expedited production, field action or recall and may cause customers to suspend orders, require requalification, impose chargebacks or seek indemnification for assembly losses, production interruption, end-product recalls, property damage or personal injury. Contractual warranties, indemnities and product-liability exposure, particularly for automotive products, may exceed our insurance coverage or arise after the relevant sales revenue has been recognized. A significant quality incident could result in substantial costs, regulatory scrutiny, loss of approved-supplier status and lasting damage to our reputation and customer relationships, materially and adversely affecting our business and financial condition.

Failure to meet delivery schedules or provide timely technical and customer support could result in claims, reduced orders or loss of customer orders.

Our customers generally require timely delivery and responsive technical, quality and after-sales support. Our ability to meet delivery schedules depends on accurate production planning, material availability, equipment uptime, yields, outsourced processing, labor, logistics and customs clearance. Higher-layer-count and HDI products may have longer production cycles and may require repeated processing or customer-specific inspections. Production disruption, material shortage, qualification delay, lower yield, logistics congestion or inaccurate customer forecasts could cause late or incomplete deliveries. Quality issues may require investigation, root-cause analysis, sorting, rework or replacement and divert engineering and production resources from other orders. Customers may impose expedited freight, sorting or line-stoppage charges, claim damages, reduce order allocations, suspend new projects or terminate relationships. As our order volume and product complexity increase, we may be unable to scale our service and coordination capabilities at the same pace. Any persistent delivery or service failure could damage our reputation and materially and adversely affect our revenue and results of operations.

Our substantial research and development expenditure may not result in technically successful products, customer acceptance or commercially viable mass production.

We must continue to invest in product and process development to meet evolving requirements for layer count, interconnection density, signal speed, loss, reliability, automation, yield and thermal management. Our research and development expenses were RMB122.1 million, RMB135.0 million, RMB162.5 million, RMB70.7 million and RMB108.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Research and development projects may require repeated sample production, testing, equipment, materials and personnel over a period of six to 24 months or longer. Technical objectives may prove unachievable, customer requirements or industry standards may change, and competitors may introduce superior solutions. Successful internal development does not ensure customer validation, sufficient order volume, acceptable pricing or stable mass-production yields. Research and development expenditure is incurred before and may be substantially earlier than any commercial benefit. If we select projects with limited market potential, fail to achieve customer acceptance or cannot convert technical capability into profitable production, our expenses may increase without a corresponding increase in revenue, and our business, results of operations and competitive position could be materially and adversely affected.

Any enforcement action against certain ancillary structures at our Kunshan production base could disrupt our operations and result in additional costs and losses.

We constructed three ancillary structures at our Kunshan production base, comprising two water-recycling equipment rooms as well as an air-compressor equipment and power-distribution equipment room, with an aggregate gross floor area of approximately 2,087 square meters (the "**Relevant Structures**"), without completing the applicable environmental impact assessment, construction project planning, construction permit and other approval procedures. Accordingly, we have not obtained real estate ownership certificates for the Relevant Structures. On May 11, 2023, the Comprehensive Administrative Enforcement Bureau of the Kunshan Economic and Technological Development Zone agreed in writing that demolition of the relevant equipment rooms could be deferred.

Taking into account that (1) in December 2023, DEH and Dynamic Holding provided undertakings to unconditionally and fully indemnify us against any losses arising from any order to cease using, relocate or demolish the Relevant Structures, or any fines or other losses resulting from the failure to complete the relevant construction approval procedures or comply with applicable environmental protection requirements; (2) as advised by our PRC Legal Advisor, we were not subject to any material administrative penalty during the Track Record Period for violations of PRC laws relating to urban and rural planning, construction or environmental protection; and (3) the Relevant Structures are ancillary facilities supporting the operations of our Kunshan production base, do not independently generate revenue or profit and accounted for only 0.53% of the aggregate gross floor area of our owned buildings in Chinese Mainland, our Directors and our PRC Legal Advisor are of the view that the lack of real estate ownership certificates for the Relevant Structures will not have a material adverse effect on our Group's overall production and business operations.

However, as we have not obtained real estate ownership certificates for the Relevant Structures, the competent authorities may require us to cease using, relocate or demolish them, or impose fines or other administrative measures. Any such enforcement action could disrupt the ancillary functions supported by the Relevant Structures and result in additional relocation, replacement or equipment-related costs. If suitable alternative arrangements cannot be implemented in a timely manner, our production operations could be disrupted, which could materially and adversely affect our business, financial condition and results of operations.

We may be unable to obtain, maintain or enforce adequate protection for our intellectual property, proprietary processes and trade secrets.

Our success depends in part on proprietary manufacturing processes, product and process designs, technical know-how, patents, software, trademarks, copyrights and trade secrets. Patent applications may not be granted, and issued rights may be invalidated, narrowed, challenged, circumvented, allowed to lapse or provide less protection than expected. The scope, validity and enforceability of intellectual property rights vary among Chinese Mainland, Thailand and other jurisdictions in which we operate or sell products, and protection may be unavailable or difficult to enforce in certain markets.

We also rely on confidentiality agreements, employment and intellectual-property undertakings, access controls and other measures to protect information that may not be patentable or publicly disclosed. Employees, former employees, sales agents, suppliers, outsourced processors, customers or other parties may disclose or misuse our or our customers' confidential information despite these measures. Monitoring unauthorized use is difficult, particularly across multiple jurisdictions. If our intellectual property or trade secrets are misappropriated, competitors may replicate our processes or products without incurring comparable development costs, and we may lose customer trust or competitive advantage. Enforcement could require substantial expenditure and management attention and may not be successful, materially and adversely affecting our business and prospects.

Claims that we infringe third-party intellectual property rights, or proceedings to enforce our own rights, could be costly, disruptive and uncertain.

The PCB and electronics industries involve numerous patents, trade secrets, software rights and other intellectual property. As our product portfolio and geographic reach expand and we develop advanced materials, interconnection structures and manufacturing processes, third parties may allege that our products or processes infringe or misappropriate their rights. Such claims may be asserted by competitors, customers, suppliers, employees or other rights holders, regardless of merit, and may arise in jurisdictions with different procedures and remedies. Defending or pursuing intellectual property proceedings may require significant legal and technical resources, expose our own patents to invalidity or unenforceability challenges and distract management and research and development personnel. An adverse outcome could require us to pay damages or royalties, obtain licenses on unfavorable terms, cease using a process or selling a product, redesign products, destroy inventory or indemnify customers. A license may be unavailable, and an alternative design or process may require customer requalification. Even a favorable outcome may involve substantial cost and reputational harm. Any material intellectual property dispute could delay product development or production and materially and adversely affect our business and financial condition.

Evolving industry standards, customer specifications and certification requirements may increase our costs, delay production or render our products or processes uncompetitive.

Our products and production bases are subject to technical, quality, reliability, environmental and hazardous-substance standards and customer-specific requirements. We maintain certifications including International Organization for Standardization ("**ISO**") 9001, ISO 14001, International Automotive Task Force ("**IATF**") 16949 and IEC Quality Assessment System for Electronic Components QC 080000 at relevant production bases. Standards and customer requirements relating to high-speed transmission, automotive reliability, materials, traceability, cybersecurity, sustainability and other matters continue to evolve. New or amended standards may require us to redesign products, change materials or suppliers, acquire equipment, modify production processes, conduct additional testing, train personnel or obtain new or renewed certifications. Compliance may be time-consuming and costly, and different customers or jurisdictions may impose inconsistent requirements. We may fail an audit or test, experience delay in certification or be unable to meet a new requirement at commercially acceptable cost. In such circumstances, we could lose approved-supplier status or customer orders, incur rework or capital expenditure and lose market share, materially and adversely affecting our business and results of operations.

Negative publicity or damage to our reputation could impair customer, supplier, employee and investor confidence and materially and adversely affect our business.

Our reputation depends on product quality and reliability, delivery performance, technical capability, customer service, ethical conduct, environmental and safety performance, information security and compliance. A product-quality incident, late delivery, accident, regulatory investigation, employee or third-party misconduct, data breach, customer dispute or allegation concerning our products, Directors, employees, production bases or business practices may attract negative publicity. Information circulated through media or social networks may be inaccurate or incomplete but may nonetheless spread rapidly. Damage to our reputation may cause customers to reduce orders, suspend qualification or select alternative suppliers; suppliers and lenders to tighten terms; employees to leave; and regulators or other stakeholders to increase scrutiny. Rebuilding trust may require significant expenditure and time and may not be successful. Any material reputational harm could adversely affect our ability to obtain customer orders, recruit personnel, access financing and implement our strategy, and could materially and adversely affect our business, financial condition and prospects.

The loss of senior management, key technical, engineering, quality or sales personnel, or our inability to recruit and retain qualified personnel, could disrupt our operations and product development.

Our business depends on the experience of our senior management and on research and development, engineering, process, quality, production, procurement and sales personnel who understand our manufacturing technologies, customer requirements and production bases. Competition for experienced personnel may increase as PCB manufacturers expand high-layer-count, HDI and overseas capacity. We may be unable to recruit, train or retain personnel at acceptable cost, particularly for specialized technologies. Key employees may leave, join competitors or disclose confidential information, and replacement personnel may require substantial time to develop comparable customer relationships or technical expertise. Equity incentives, remuneration, training, succession planning and confidentiality arrangements may not prevent loss of personnel. Any material loss or shortage could delay customer qualification, reduce yields or quality, disrupt production and weaken our competitive position.

Rising labor costs, labor shortages, work stoppages or other employment-related disruptions could increase costs and impair production and delivery.

We rely on a substantial workforce to operate our production bases and support research and development, engineering, quality control, sales and administration. Labor costs may increase because of competition for personnel, statutory minimum wage and benefit increases, inflation, overtime requirements, expansion of our production bases or changes in labor laws and practices. We may also need to incur additional recruitment, training, housing, transportation or retention costs when expanding or changing production. Labor shortages, high turnover, inadequate training, disputes, strikes, work stoppages, workplace injuries or restrictions on cross-border deployment of personnel could reduce output, yields and quality or delay production. New employees may require time to acquire the skills needed for complex PCB processes, and reliance on inexperienced personnel during ramp-up may increase defects and safety risks. We may be unable to pass higher labor costs to customers. Any significant labor-related disruption or cost increase could materially and adversely affect our production efficiency, gross profit margins and customer deliveries.

Our operations in multiple jurisdictions expose us to legal, regulatory, tax, labor, supply-chain and other risks inherent in international and cross-border operations.

We operate production bases in China and Thailand and serve customers across multiple geographic markets. We are therefore subject to different legal and regulatory regimes, tax and customs requirements, labor practices, environmental and safety standards, foreign exchange controls and business customs. Changes in local laws, policies, incentives or regulatory interpretation, or our failure to comply, could increase costs, restrict operations, delay expansion, affect the remittance of funds or result in penalties or disputes. Our Thailand operations present additional challenges, including recruiting and retaining qualified local personnel, transferring technical know-how, coordinating management across locations, sourcing raw materials cross-border, maintaining consistent quality and internal controls, protecting intellectual property, managing foreign exchange and complying with local tax, customs, labor and environmental requirements. Political, economic or social instability, infrastructure or logistics disruption, changes in investment incentives or difficulties enforcing contracts could also affect operations. These risks may become more significant as our Thailand capacity and overseas sales expand, and our experience and controls may be insufficient to address them. Any failure to manage cross-border operations effectively could materially and adversely affect our business and financial condition.

We may be subject to risks associated with international trade policies, geopolitical tensions, sanctions, export controls and other trade protection measures.

Our operations are subject to changes in political and economic relations among countries, as well as sanctions, export controls, tariffs and other trade restrictions administered by governmental authorities in the jurisdictions in which we operate or conduct business. In particular, in recent years, the U.S. government has adopted various economic and trade measures affecting China-based technology companies, including enhanced export controls under the Export Administration Regulations (the "**EAR**"), which are administered by the Bureau of Industry and Security ("**BIS**") of the U.S. Department of Commerce. The EAR includes the Entity List maintained by BIS (the "**BIS Entity List**"), which identifies certain foreign persons that are subject to specified licensing requirements for the export, re-export or in-country transfer of items subject to the EAR. Transactions involving items subject to the EAR and persons included on the BIS Entity List may be prohibited unless the applicable licensing requirements are satisfied.

During the Track Record Period, we sold our products to customers in Chinese Mainland and overseas. Certain of our customers may incorporate our PCBs into their own products and subsequently sell or export such end products to the U.S. or other jurisdictions. We generally do not control the ultimate destinations to which our customers sell their end products. If our customers' end products incorporating our PCBs become subject to export restrictions, sanctions, tariffs or other trade measures, or if our customers are otherwise restricted from selling such products into certain markets, their production volumes or demand for our products could decrease. Such restrictions could also cause our customers to alter their sourcing strategies, relocate production, redesign products, change suppliers or delay or cancel orders, any of which could adversely affect our sales, utilization rates and profitability.

In addition, the U.S. Department of the Treasury (the "**U.S. Treasury Department**") has promulgated the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**OISP Final Rule**"), which imposes prohibition or notification requirements on certain investments by U.S. persons involving persons associated with "countries of concern," including China, that engage in specified activities relating to semiconductors and microelectronics, quantum information technologies or artificial intelligence. Our Directors are of the view that neither (1) the [REDACTED] for our H Shares by U.S. persons in the [REDACTED], nor (2) the purchase and [REDACTED] of our H Shares by U.S. persons on the Stock Exchange following the [REDACTED], constitutes a covered transaction under the OISP Final Rule or is otherwise subject to any prohibition or notification requirement thereunder.

Nevertheless, U.S. outbound investment laws, regulations and policies continue to evolve, and their scope, interpretation and implementation may change. Future amendments, regulatory interpretations or policy initiatives may expand the categories of covered activities, covered foreign persons or covered transactions, or otherwise impose additional restrictions or compliance requirements on investments by U.S. persons. We cannot assure you that the U.S. Treasury Department or other relevant authorities will not in the future adopt a different interpretation or expand the applicable regulatory framework in a manner that causes an [REDACTED] in, or the acquisition, holding or [REDACTED] of, our H Shares by U.S. persons to become subject to notification requirements, restrictions or prohibitions. Any such development could reduce demand for our H Shares from U.S. [REDACTED], adversely affect the [REDACTED] and liquidity of our H Shares or restrict our access to certain sources of capital.

More broadly, geopolitical tensions and international trade policies are inherently uncertain and may change rapidly. The imposition or expansion of sanctions, export controls, tariffs, investment restrictions or other trade protection measures by the U.S., China or other jurisdictions could adversely affect our customers, suppliers and other business partners, disrupt cross-border supply chains, increase procurement and compliance costs, delay customer qualification or product delivery, or reduce demand for our products. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

Misconduct or non-performance by our sales agents, trading companies and other business partners could expose us to liability, disrupt customer relationships and damage our reputation.

We engage a limited number of sales agents to assist with market development, business communication and customer-service coordination for certain direct-sales customers. Under our standard arrangements, customers place orders directly with, and make payments directly to, us. Sales agents do not purchase or resell our products, enter into sales contracts, participate in production or delivery or collect customer payments on our behalf, and may not accept orders, issue quotations or make delivery commitments in our name without our prior approval. Nevertheless, the agents interact with customers and may influence customer perceptions and communications. Revenue from direct-sales customers supported by sales agents was RMB3,171.4 million, RMB3,255.3 million, RMB3,366.7 million, RMB1,587.9 million and RMB1,303.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. We also sell a limited proportion of products to trading companies and other PCB manufacturers that purchase as principals, and may have limited visibility over their downstream dealings.

Sales agents or other persons acting in connection with our business may make unauthorized representations, offer or accept improper payments, misuse confidential information, violate sanctions, anti-bribery, anti-money laundering, competition or other laws, fail to perform services or damage customer relationships. Trading companies may experience financial difficulty, fail to pay, mishandle products or create disputes with downstream customers. Our due diligence, contracts, approval procedures and monitoring may not prevent or detect all misconduct or non-performance.

We may be held liable or suffer reputational harm for acts of persons acting on our behalf even where we did not authorize or know of the conduct. The termination or disruption of a relationship with a sales agent, trading company or other business partner may impair customer communication or market access, and suitable replacements may not be available promptly. Any material third-party failure or misconduct could result in regulatory action, customer claims, loss of orders or financial loss and materially and adversely affect our business.

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

Companies operating in China are required to participate in various employee benefit plans, including social insurance fund and housing provident fund, and contribute amounts equal to a certain percentage of salaries, including bonuses and allowances, of their employees up to a minimum or maximum amount specified by the local government from time to time at locations where they operate their business. On July 31, 2025, the Supreme People's Court of the PRC issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues 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)), or the Interpretation II, which took effect from September 1, 2025. Pursuant to the Interpretation II, any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement, is invalid. See "Regulatory Overview—PRC Regulatory Overview—Regulations on Labor and Employment." During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident fund with respect to certain of our employees, as required by the relevant PRC laws and regulations. As a result, we may be required to make additional contributions to the social insurance funds and/or housing provident fund and, if we fail to rectify the relevant non-compliance within the prescribed time limit, may also be subject to late payment surcharges and fines in respect of social insurance contributions under applicable PRC laws and regulations.

If the competent PRC government authority determines that the social insurance contributions we made for our employees violate the requirements under the relevant PRC laws and regulations, we may be required to pay all outstanding social insurance contributions within a stipulated period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the social insurance contributions were due. If the outstanding amount is not paid within the stipulated period, the competent authority may further impose a fine of one to three times the outstanding amount. In addition, pursuant to relevant PRC laws and regulations, if we fail to make housing provident fund contributions in full, the competent PRC government authority may require us to pay the outstanding amount within a prescribed period. If we fail to make such payment within the prescribed period, the competent authority may apply to the PRC courts for compulsory enforcement. Our PRC Legal Advisor is of the view that, provided that there are no material changes in the applicable PRC laws and regulations or the relevant regulatory and enforcement practices, and in the absence of any significant employee complaints or related litigation or arbitration, the likelihood that we would be subject to material administrative penalties or be proactively required by the relevant competent authorities to make retroactive contributions in respect of such non-compliance during the Track Record Period is remote. In reaching this view, our PRC Legal Advisor has taken into account the following: (1) our Company and our PRC subsidiary had obtained compliance certificates issued by the competent government authorities confirming that no administrative penalties had been imposed on us in respect of social insurance or housing provident fund contributions during the Track Record Period; (2) based on consultations with the relevant competent social insurance authorities and housing provident fund management centers in relation to matters concerning our social insurance and housing provident fund contributions, such authorities generally would not proactively conduct audits or inspections, require supplementary or retroactive contributions or consolidated settlement, or impose administrative penalties, unless prompted by employee complaints or reports; (3) as of the Latest Practicable Date, our Company and our PRC subsidiary had not received any notice from the relevant authorities requiring us to make retroactive contributions or undergo audits, nor had we been notified of any material objections, complaints or reports from employees in relation to our social insurance or housing provident fund contributions; and (4) we have undertaken that, in the event that the competent authorities require us to rectify any non-compliance, our Company and our PRC subsidiary will duly fulfil the relevant obligations in accordance with the applicable requirements. However, we cannot assure you that we will not be subject to any order to rectify the non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the outstanding amount of the social insurance and housing provident fund contributions against us, or that we will not receive any claims in respect of the outstanding amount of the social insurance and housing provident fund contributions under national laws and regulations. In addition, we may incur additional expenses to comply with such laws and regulations promulgated by the PRC government or relevant local authorities.

Failure to obtain, maintain or renew material licenses, approvals, permits, filings or certifications could restrict our operations or customer access and increase compliance costs.

Our production and sale of PCBs require various business, construction, environmental-impact assessment, pollutant-discharge, drainage, fire-safety, customs, import and export, occupational-health, energy-use and other licenses, approvals, permits and filings in China and Thailand. Certain approvals and certifications must be renewed periodically or updated when we expand capacity, install equipment, change processes or production locations, or introduce new products. Customers may also require factory, quality-system and product certifications as a condition to placing orders. Regulatory requirements and interpretations may change and authorities may impose additional conditions. Applications or renewals may be delayed or denied, or a regulator or customer may determine that an existing approval does not cover a modified facility or process. Failure to obtain or maintain a material permit or certification could result in fines, suspension of construction or production, required remediation, loss of customer qualification or inability to manufacture or sell certain products. Compliance may also require substantial capital and operating expenditure. Any such event could materially and adversely affect our operations and financial performance.

Our use of third-party processors for certain manufacturing processes exposes us to quality, delivery, confidentiality and compliance risks that may not be fully mitigated by our controls.

We conduct the core stages of product engineering, process design, production management and quality control internally, but may engage independent third-party processors for limited, short-term and single-process work, such as certain drilling, plating or electrical-testing processes, when internal capacity is temporarily constrained or production scheduling requires additional flexibility. In 2023, 2024, 2025 and the six months ended June 30, 2026, we incurred outsourced-processing costs of RMB99.3 million, RMB211.2 million, RMB247.6 million and RMB164.7 million, respectively, representing 3.5%, 6.6%, 6.5% and 6.7% of our cost of sales for the respective periods. Third-party processors may fail to comply with our technical specifications, quality requirements, delivery schedules, confidentiality obligations, environmental and labor requirements or customer-specific restrictions. Their equipment, personnel, materials and process controls are outside our direct day-to-day control. Defects introduced during an outsourced process may not be identified until a later production stage or after delivery, resulting in scrap, rework, delayed shipments, customer claims or loss of qualification. A processor may also experience capacity constraints, financial difficulties, accidents or regulatory action, or may misuse our or our customers' confidential information. Although we evaluate processors, provide process requirements and inspect processed products, these measures may not detect or prevent all failures. If suitable processors are unavailable, we may be unable to fulfill orders during internal capacity constraints. Any significant failure by an outsourced processor could increase costs, disrupt production, damage customer relationships and materially and adversely affect our business and results of operations.

PCB manufacturing involves hazardous chemicals, wastewater, emissions and workplace-safety risks, and more stringent requirements or any material incident could result in substantial costs, liabilities or production suspension.

PCB production involves electroplating, etching, surface treatment, lamination, drilling and other processes that use acids, alkalis, organic solvents, metals and other hazardous substances and generate wastewater, air emissions, sludge and other hazardous or heavy-metal-containing waste. We are subject to laws and permits relating to environmental protection, pollutant discharge, waste handling, soil and groundwater, energy use, occupational health, fire prevention and workplace safety in China and Thailand. We maintain treatment facilities, safety procedures and pollution-emission rights, but equipment or control systems may fail, employees or contractors may not follow procedures, and accidents, leaks, fires, explosions or unauthorized discharges may occur. Environmental and safety laws, customer standards and stakeholder expectations may become more stringent as our production scale and use of advanced processes increase. Compliance may require upgrades to wastewater and exhaust treatment, chemical storage, monitoring, energy efficiency, protective equipment and emergency response, increasing capital and operating costs. A material incident or non-compliance could cause injury or death, property and environmental damage, remediation obligations, civil or criminal liability, fines, withdrawal or suspension of permits, production restrictions or reputational harm. Insurance may not cover all losses. Any such event could disrupt production and materially and adversely affect our business and financial condition.

Cybersecurity incidents, information-system failures or non-compliance with data-protection and cross-border data-transfer requirements could disrupt our operations and expose us to liability and reputational harm.

We rely on information systems for customer and supplier communications, product and process data, production planning, manufacturing execution, quality traceability, inventory, finance, human resources and other operations. We collect and process business, transactional and operational data and limited personal information relating to customer and supplier contacts, visitors and employees. Our systems may be affected by cyberattacks, malware, ransomware, unauthorized access, employee error, third-party failures, equipment breakdown, power interruption or inadequate backup and recovery. A breach could expose customer designs, product specifications, pricing, supplier data, personal information, trade secrets or other confidential information, compromise production or quality records, interrupt manufacturing and deliveries or require costly investigation and remediation. Security measures, access controls, training, monitoring, backups and disaster-recovery arrangements may not prevent or promptly detect all incidents.

We may become involved in legal, arbitration, administrative or contractual proceedings that could be costly, time-consuming and damaging to our reputation.

We may from time to time become involved in disputes or proceedings with customers, suppliers, contractors, employees, competitors, regulators, shareholders or other parties concerning contracts, product quality, intellectual property, employment, environmental matters, tax, construction, securities or other issues. The outcome of proceedings is inherently uncertain, and even claims without merit may require substantial legal costs, management time and disclosure. An adverse outcome could require damages, penalties, settlement payments, changes to business practices, suspension of operations or termination of contracts and may not be fully covered by insurance. Regulatory or litigation matters may also result in negative publicity and impair customer, supplier, employee or investor confidence. Any material proceeding could materially and adversely affect our business, financial condition and results of operations.

Our insurance coverage may be unavailable or insufficient to cover all losses, claims and business interruptions arising from our operations.

We maintain insurance policies including, as applicable, property all-risk, business-interruption, employers' liability, travel, cargo or transportation, trade-credit, directors' and officers' liability and product-liability insurance for certain automotive products. Coverage, exclusions, deductibles and limits vary by entity, location and risk. Certain risks, including some product recalls, environmental liabilities, cyber incidents, trade restrictions, natural disasters, consequential losses, customer penalties and losses exceeding policy limits, may be uninsured or uninsurable on commercially reasonable terms. Insurers may dispute coverage, delay payment or become unable to pay, and renewal premiums or deductibles may increase following market changes or claims. Insurance proceeds may be insufficient to repair facilities, replace equipment, compensate customers or cover lost profit and may be received only after we have incurred substantial cash outflows. If we suffer a material uninsured or underinsured loss, we may be required to bear the loss from our own resources, which could materially and adversely affect our business and financial condition.

Acquisitions, investments or strategic alliances may not achieve their intended benefits and could expose us to integration, impairment and liability risks.

We may acquire or invest in businesses, technologies, production capacity or strategic relationships in the future. Identifying, evaluating, completing and integrating a transaction may require substantial management attention and financial resources and may distract from existing operations. Due diligence may fail to identify liabilities, compliance issues, technical limitations, customer risks or integration difficulties. An acquired business or investment may underperform, fail to generate expected synergies or require additional funding. We may incur goodwill or asset impairment, integration costs, amortization, litigation, tax liabilities or employee and cultural issues. Transactions may require cash, debt or equity financing, increasing leverage or diluting Shareholders. Any unsuccessful acquisition, investment or alliance could materially and adversely affect our business, financial condition and results of operations.

Natural disasters, public-health incidents, wars and other force majeure events could damage our facilities, disrupt our supply chain and materially and adversely affect our operations.

Our production bases, suppliers, customers and logistics routes may be affected by earthquakes, floods, typhoons, droughts, fires, epidemics, pandemics, wars, terrorism, civil unrest, cyber incidents, power shortages or other events beyond our control. In addition, our Kunshan production base is located near commercial office buildings and residential areas in Kunshan, Jiangsu Province, China, and potential changes to local urban planning could require us to relocate all or part of the operations at this base. Any such event or relocation could damage or disrupt our facilities and equipment, interrupt utilities, transportation or customs clearance, restrict workforce availability or otherwise adversely affect our production and supply chain. Our geographically dispersed production bases and business-continuity measures may not prevent or fully mitigate disruption. Recovery may require substantial expenditure and time, insurance or compensation may be insufficient, and customer orders may be transferred to competitors. Any prolonged disruption could reduce production and revenue, increase costs and materially and adversely affect our business and financial condition.

Changes to, discontinuation of or failure to satisfy conditions for tax incentives, export rebates, government grants or other preferential treatments could increase our costs and reduce our profit.

Our Company was recognized as a high and new technology enterprise and was entitled to a preferential enterprise income tax rate of 15% during the Track Record Period, compared with the generally applicable PRC statutory rate of 25%, and our Company and our PRC subsidiary were entitled to additional deductions for qualifying research and development expenses. We also recognized income resulting from government grants of RMB19.1 million, RMB20.2 million, RMB26.9 million, RMB18.1 million and RMB13.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, and recognized additional value-added tax deductions from 2024. We export a substantial portion of our products and may be eligible for export value-added tax rebates under applicable policies.

The availability, amount and timing of these benefits depend on government policy, budget, qualification criteria, application and filing requirements and continuing compliance. Authorities may reduce rebate or incentive rates, narrow qualifying activities, impose additional conditions, withdraw approval or require repayment. We may fail to renew high and new technology enterprise status or may have less qualifying income or expenditure than expected. Government grants may be non-recurring. Any reduction, delay or loss of these benefits could increase tax or operating costs, reduce other income and materially and adversely affect our results of operations and cash flows.

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

Under the applicable laws and regulations in the 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, our global operations covered multiple 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 others, 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. 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.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain of our customers, or the Relevant Customers, settled amounts due to us through third-party payors pursuant to third-party payment arrangements, or the Third-party Payment Arrangements. In 2023, 2024, 2025 and the six months ended June 30, 2026, the number of the Relevant Customers was 12, 10, 11 and three, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, the aggregate amounts settled through the Third-party Payment

Arrangements were RMB183.8 million, RMB271.2 million, RMB306.2 million and RMB149.6 million, respectively, representing 5.0%, 6.6%, 6.4% and 5.1% of our total revenue for the same periods, respectively. See "Business—Third-party Payment Arrangements."

The Third-party Payment Arrangements exposed us to various risks, including, among others, (1) potential money laundering and other compliance risks, as we had limited direct visibility over the background of the parties involved and the source of funds remitted by the relevant third-party payors, and (2) the risk of claims by third-party payors or their liquidators seeking return of funds, as such third-party payors were not themselves contractually indebted to us. If any funds received by us through such arrangements were subsequently determined to constitute proceeds of unlawful activities, we could be subject to governmental inquiries, enforcement actions, prosecution or other liabilities on the basis that we had assisted or facilitated the underlying illegal activities. In addition, if any third-party payor or its liquidator were to bring claims or proceedings against us in connection with such payments, we could be required to devote significant financial and management resources to defending such claims and proceedings, or to return payments previously received for products and/or services already rendered. Even if any such claims or proceedings were ultimately resolved in our favor, our reputation, our relationships with existing customers and our ability to attract new customers could be adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Global economic and market uncertainty may materially and adversely affect our business, financial condition and results of operations.

Uncertain global economic conditions, including inflation and financial market volatility, may adversely affect demand for our PCB products, profitability and business planning. During periods of economic uncertainty, our customers may reduce, delay or cancel orders, experience liquidity constraints or delay payments to us, which could adversely affect our revenue, cash flow and results of operations. In addition, financial difficulties or insolvency of our key suppliers may disrupt the supply of materials and adversely affect our manufacturing operations.

Development in the legal systems of certain jurisdictions where we have sales activities could adversely affect our business, financial condition and results of operations and our [REDACTED] could be affected as a result.

The legal systems of the jurisdictions where we have sales activities vary significantly. Some jurisdictions have a civil law system based on written statutes and others are largely based on common law. Unlike common law systems where case laws have binding effects, prior court decisions under civil law systems may be cited for reference but have limited precedential value. As these laws and regulations may develop in response to changing economic and other conditions, we cannot foresee how these laws, rules and regulations will be interpreted and enforced, which may adversely affect the legal protections and remedies that are available to us and our [REDACTED].

Regulations on currency conversion could limit our ability to utilize our revenues effectively, to pay dividends and other obligations, and affect the value of our H Shares.

The remittance of currency into and out of China is subject to various laws and regulations. A substantial portion of our revenues and expenses is denominated in Renminbi, while the net [REDACTED] from the [REDACTED] and any dividends paid by us on our H Shares will be denominated in Hong Kong dollars. Under China's existing foreign exchange regulations, following the completion of the [REDACTED], subject to compliance with certain procedural requirements, we will be able to conduct foreign exchange transactions under the current account, including the payment of dividends, without obtaining prior approval from the State Administration of Foreign Exchange, or SAFE. Foreign exchange transactions under our capital account are subject to foreign exchange administration in accordance with the relevant regulations and require the approval of the relevant competent authorities or the completion of other procedures. These restrictions could affect our ability to obtain foreign exchange through offshore financing.

Furthermore, the net [REDACTED] from the [REDACTED] are expected to be deposited in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert these [REDACTED] into onshore Renminbi. If we cannot convert the net [REDACTED] into onshore Renminbi in a timely manner, our ability to deploy these [REDACTED] efficiently may be affected as we will not be able to invest these [REDACTED] in Renminbi denominated assets onshore or deploy them in uses onshore where Renminbi is required. All of these factors could affect our business, results of operations, financial condition and prospects.

Fluctuations in exchange rates of Renminbi against Hong Kong dollar, U.S. dollar or other foreign currencies could affect our results of operations and the value of your [REDACTED].

Fluctuations in the exchange rate of Renminbi against Hong Kong dollar, U.S. dollar and other foreign currencies are unpredictable. The [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars. As a result, any appreciation of Renminbi against U.S. dollar, Hong Kong dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our [REDACTED] from the [REDACTED]. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on our H Shares in foreign currencies. We selectively use foreign exchange hedging instruments to manage our net foreign currency exposures and seek to align the currency composition and maturity profile of our assets, liabilities and cash flows. However, these measures may not fully mitigate our exposure to foreign exchange fluctuations. Such fluctuations could adversely affect our business, results of operations, financial condition and prospects, as well as the value of, and dividends payable on, our H Shares in foreign currency terms.

We may be subject to the approval or other requirements of the China Securities Regulatory Commission or other PRC governmental authorities in connection with future security activities.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法), or the Overseas Listing Trial Measures, and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. In addition, any future share issuance or listing after this [REDACTED] will also be subject to filing procedures of CSRC according to the Overseas Listing Trial Measures, and we are also required to report certain material matters to CSRC after this [REDACTED]. Any failure to complete such filing or reporting procedures would subject us to administrative penalties by CSRC which could harm our reputation.

We cannot guarantee that new rules or regulations promulgated in the future pursuant to the Overseas Listing Trial Measures and any other related PRC rules and regulations will not impose any additional requirement on us or otherwise tighten the regulations on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial condition. Furthermore, any uncertainty and/or negative publicity regarding such approval, filing or other requirements may also have a material adverse effect on the price of our H Shares.

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

Under the relevant laws and regulations and our Articles of Association, dividends may be paid only out of distributable profits. Distributable profits are defined as our after-tax profits, as determined under PRC GAAP, less any amounts applied to make up accumulated losses and appropriations to statutory and other surplus reserves that we are required to make. As a result, even in profitable years, we may not have sufficient distributable profits to pay dividends to our Shareholders. Any distributable profits not distributed in a given year will be retained and may be distributed in subsequent years.

Moreover, because distributable profits as calculated under PRC GAAP differ in certain respects from distributable profits as calculated under IFRS Accounting Standards, our subsidiaries may not have distributable profits as determined under PRC GAAP even if they record profits for that year as determined under IFRS Accounting Standards, and vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including during periods in which our financial statements indicate that our business has been profitable.

It may be difficult to effect service of process, enforce foreign judgments or bring original actions against us, our Directors and senior management residing in China.

We are a company incorporated under the laws of China, and most of our assets are located in China. In addition, some of our Directors and senior management reside within Chinese Mainland. As a result, the service of process, investigation, collection of evidence, ratification, and enforcement procedure inside China should follow the rules set forth in the Civil Procedure Law of China as well as other applicable laws, regulations and interpretations. On July 14, 2006, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), or the 2006 Arrangement. Pursuant to the 2006 Arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

On January 18, 2019, the Supreme People's Court of China and Hong Kong 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 (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), or the 2019 Arrangement, and the 2019 Arrangement was issued on January 25, 2024 and became effective on January 29, 2024. The 2019 Arrangement supersedes the 2006 Arrangement and affords greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement remains applicable to a "choice of court agreement in writing" entered into before the 2019 Arrangement taking effect. Although the 2019 Arrangement has been entered into, the outcome and effectiveness of any application made thereunder remain subject to adjudication by the PRC courts in accordance with applicable PRC laws, including the PRC Civil Procedure Law.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under PRC law, legal documents for corporate transactions, including agreements and contracts, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities. In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit a formal application, which will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. The procedures, however, may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our affiliated entities or their subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations, and we may not be able to recover our loss due to such misuse or misappropriation if the third party relies on the apparent authority of such employees and acts in good faith.

RISKS RELATING TO THE [REDACTED]

We will be subject to the [REDACTED] and regulatory requirements of Chinese Mainland, Taiwan and Hong Kong, and the [REDACTED] characteristics and [REDACTED] prices of our A Shares and H Shares may differ.

As our A Shares are listed on the Shanghai Stock Exchange, and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the applicable listing rules and regulatory requirements of both jurisdictions. In addition, as Dynamic Holding, one of our Controlling Shareholders, is listed on the Taiwan Stock Exchange, it is subject to applicable securities laws, listing rules and continuing obligations of the Taiwan Stock Exchange, certain of which apply to matters relating to its subsidiaries, including us. Accordingly, we may incur additional compliance costs and devote additional management and administrative resources to support compliance with such requirements. Any failure by Dynamic Holding to comply with such applicable requirements, or changes in applicable laws, regulations, listing requirements or regulatory interpretations, may result in investigations, penalties, trading suspension or other sanctions.

Under current PRC laws and regulations, our A Shares and H Shares are not interchangeable or fungible without the approval of the relevant regulatory authorities, and there is no trading or settlement between the two markets. The A Share and H Share markets differ in terms of [REDACTED] base, liquidity and [REDACTED] characteristics. As a result, the [REDACTED] performance and [REDACTED] prices of our A Shares and H Shares may differ and may not be directly comparable. Fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Accordingly, [REDACTED] should not place undue reliance on the historical trading performance of our A Shares when evaluating an [REDACTED] in our H Shares.

There has been no prior [REDACTED] for our H Shares, and their liquidity and [REDACTED] may be volatile.

Prior to the [REDACTED], there was no [REDACTED] for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate liquidity and [REDACTED] volume will develop and be sustained following the 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 the completion of the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

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

The [REDACTED] at which our H Shares will [REDACTED] after the [REDACTED] will be determined by the marketplace, which may be affected by various factors beyond our control, including: (1) our financial performance; (2) changes in securities analysts' estimates, if any, of our financial performance; (3) the history of, and the prospects for, ourselves and the industry in which we operate; (4) an assessment of the prospects for, and timing of, our future revenue and cost; (5) research reports that independent research analysts may publish; (6) the present state of our development; (7) the valuation of publicly traded companies that are engaged in business activities similar to ours; (8) general market sentiment regarding the industry we operate in; (9) changes in laws and regulations of relevant jurisdictions where we operate; (10) our actual or perceived failure to compete effectively in the market; and (11) political, economic, financial and social conditions. In addition, the Stock Exchange has from time to time experienced significant volatility in trading prices and volumes that have affected the market prices of securities of companies quoted on the Stock Exchange. As a result, [REDACTED] in our H Shares may experience volatility in the [REDACTED] of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

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 [REDACTED], 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 share-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. [REDACTED] 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 [REDACTED] [REDACTED] for shares in the [REDACTED] are generally not subject to any restrictions on the disposal of the H Shares they [REDACTED], they may have existing arrangements or agreements to dispose of part or all of the H Shares they hold immediately or within a 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 [REDACTED] by such [REDACTED] 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 [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] volume of our H Shares.

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of our other shareholders.

Our Controlling Shareholders have significant influence on determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors and other significant corporate actions. The interests of our Controlling Shareholders might differ from the interests of our other shareholders. In the event that our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other shareholders, our other shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Controlling Shareholders and our other shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

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.

We did not declare dividends in 2023, 2024 or 2025. In May 2026, a final dividend of RMB69.9 million was approved at our annual general meeting and was fully paid in July 2026. This dividend should not be regarded as indicative of the amount or timing of any future dividend. The declaration, payment and amount of future dividends will depend on our results of operations, cash flows, financial condition, working-capital and capital-expenditure requirements, distributable reserves, financing arrangements, applicable laws and regulations and other factors considered relevant by our Board and Shareholders.

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

Under the existing foreign exchange regulations of China, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008]No. 897) (國稅函[2008]897號), dated November 6, 2008, issued by the STA, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. In accordance with the EIT Law and its implementation rules, a non-resident enterprise that has not established an establishment or place of business in China, or that has established an establishment or place of business in China but derives income that is not effectively connected with such establishment or place of business, is generally subject to PRC enterprise income tax at a rate of 10% on income derived from sources within China, including income arising from the disposal of equity interests in PRC resident enterprises. Such tax is generally withheld at source, and the payer of the relevant income is required to withhold the applicable enterprise income tax from the amount payable to the non-resident enterprise at the time of payment or when such amount becomes due. The applicable withholding tax rate may be reduced pursuant to any applicable double taxation treaty or arrangement.

Under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. According to the Announcement on Matters Relating to the Individual Income Tax Policy on Dividend and Bonus Income of Foreign Individuals (財政部稅務總局關於外籍個人股息紅利個人所得稅政策有關事項的公告), issued by the MOF and the STA on September 1, 2026 and effective on the same date, dividend and bonus income derived by foreign individuals from foreign-invested enterprises is expressly subject to individual income tax under the category of "interest, dividend and bonus income" at a rate of 20%. Foreign-invested enterprises are required to withhold the applicable individual income tax when paying dividends or bonuses to foreign individuals. However, pursuant to the Circular of the MOF and the STA Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) issued by the MOF of the PRC and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident [REDACTED], the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Should the [REDACTED] be higher than the net tangible book value per Share, subject to [REDACTED], you may experience an immediate dilution in the book value of the [REDACTED] you purchased in the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] may be higher than the net tangible book value per Share immediately prior to the [REDACTED]. As a result, you and other purchasers of the [REDACTED] in the [REDACTED] may experience an immediate dilution in [REDACTED] net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares pursuant to share incentive schemes, which would further dilute Shareholders' interests in our Company.

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

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

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 our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in China. As a result, from time to time we publicly release information relating to ourselves on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in China which are different from those applicable to our H Shares. Such information does not and will not form a part of this document. As a result, prospective [REDACTED] in our H Shares are reminded that, in making their [REDACTED] decisions as to whether to [REDACTED] our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [REDACTED] 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].

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

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may: (1) further limit our ability or discretion to pay dividends; (2) increase our risks in adverse economic conditions; (3) adversely affect our cash flows; or (4) limit our flexibility in business development and strategic plans.

Certain facts, forecasts and statistics derived from official government sources contained in this document may not be reliable and accurate.

We have derived certain facts and other statistics in this document, particularly those relating to the general economy and the industry in which we operate, from information provided by various public sources, industry associations, independent research institutes and other third-party sources, including the F&S Report that we commissioned. We have not independently verified information and statistics from official government sources. We cannot assure you as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other data problems, the statistics herein may be inaccurate. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

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

WAIVERS AND EXEMPTION

In preparation of the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

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

Since our principal business and operations are substantially located, managed and conducted in the PRC, our Directors consider that the appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for the Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Huang, our executive Director, and Mr. Chen Jen-Chun **("Mr. Chen")**, one of our joint company secretaries. Each of the authorized representatives confirms that he possesses valid travel documents and can readily travel to Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;

(c) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;

(d) each of our Directors has provided his/her respective contact details, including mobile phone numbers, email addresses and addresses, to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;

(e) our Company has appointed Somerley Capital Limited as compliance advisor pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the [REDACTED] our H Shares on the Main Board and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and

(f) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives, the compliance advisor of our Company or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in its authorized representatives and/or compliance advisor.

APPOINTMENT OF JOINT COMPANY SECRETARIES

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

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

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

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

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

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

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

(b) whether the issuer is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 9 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 9 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

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

(d) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(e) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

We have appointed Mr. Chen as one of our joint company secretaries. Mr. Chen is the secretary of our Board. Mr. Chen joined our Group as the head of the finance department in July 2022, and has served as the secretary of our Board since December 2022. Although our Company believes, having regard to Mr. Chen's past experience in handling corporate matters, that he has a thorough understanding of our Company and our Board, Mr. Chen does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Ms. Yeung Sui Ho **("Ms. Yeung")**, who possesses such qualification, to be a joint company secretary to assist Mr. Chen in the compliance matters for the [REDACTED] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [REDACTED]. For the biographies of our joint company secretaries, see "Directors and Senior Management—Joint Company Secretaries" in this document. Over such three-year period, we will implement measures to assist Mr. Chen to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules in relation to Mr. Chen's appointment as joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

(a) Mr. Chen must be assisted by Ms. Yeung, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and

(b) the waiver is valid for a period of three years from the [REDACTED] and will be revoked immediately if and when Ms. Yeung ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Mr. Chen will gain the relevant experience with the assistance of Ms. Yeung. Before the end of the initial three-year period, we will evaluate the then experience of Mr. Chen in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and whether on-going assistance would no longer be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Mr. Chen, having had the benefit of Ms. Yeung's assistance for three years, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE 2026 SHARE OPTION SCHEME

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the share options granted by our Company (the "**Share Option Disclosure Requirements**"):

(a) Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, *inter alia*, disclose in the document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards;

(b) paragraph 27 of Appendix D1A to the Listing Rules requires a listing applicant to disclose, *inter alia*, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted, the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees; and

(c) paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (i) the period during which it is exercisable; (ii) the price to be paid for shares or debentures subscribed for under it; (iii) the consideration (if any) given or to be given for it or for the right to it; and (iv) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the document.

Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide for New Listing Applicants, the Stock Exchange would normally grant a waiver from disclosing the names and addresses of certain grantees if the applicant could demonstrate that such disclosures would be irrelevant or unduly burdensome, subject to certain conditions specified therein (the "**Waiver Conditions**"):

As of the Latest Practicable Date, the 2026 Share Option Scheme was in effect, to which the Share Option Disclosure Requirements are applicable. For details, see "Appendix VI—Statutory and General Information—D. 2026 Share Option Scheme" to this document.

As of the Latest Practicable Date, the total number of A Shares underlying all outstanding options under the 2026 Share Option Scheme amounted to 3,343,000, accounting for approximately [REDACTED]% of the total issued Shares upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]), of which the outstanding options representing 152,000 A Shares, 60,000 A Shares and 3,131,000 A Shares were granted to two Directors and two members of our senior management (other than Directors), two connected persons of the Company (other than Directors and members of senior management) and 413 grantees who are employees of our Group and are not Directors, members of senior management or connected persons of our Company, respectively, accounting for approximately 4.5%, 1.8% and 93.7% of the total outstanding options under the 2026 Share Option Scheme, and approximately [REDACTED]%, [REDACTED]%, and [REDACTED]% of the total issued Shares upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]).

WAIVERS AND EXEMPTION

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules and (ii) the SFC for a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the 2026 Share Option Scheme and the grantees in this document on the grounds that the waiver and the exemption will not prejudice the interests of the [REDACTED] public and full compliance with such disclosure requirements would be unduly burdensome for our Company for the following reasons:

(a) given that 413 grantees (other than our Directors, senior management and the connected persons of the Company) are involved under the 2026 Share Option Scheme, strict compliance with such disclosure requirements in setting out full details of all the grantees under the 2026 Share Option Scheme in this document would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and document preparation. For example, the disclosure of personal information of each grantee may require the consent of all grantees to comply with personal information privacy laws and principles. Given the number of grantees, obtaining their consent would cause an unnecessary burden on our Company;

(b) full disclosure of the outstanding options granted to each grantee could provide our employees with access to information about the remuneration of their peers or other employees, which may have a negative impact on employee morale, lead to negative internal competition and result in increased costs of recruiting and retaining talents. On the contrary, not disclosing such details in full will allow us more flexibility in determining our remuneration policies and details;

(c) full disclosure of the details of the grantees and the respective options granted to them will provide competitors with details of our employee remuneration and facilitate their recruitment activities, which may affect our Group's ability to recruit and retain valuable personnel;

(d) the grant and exercise in full of the options under the 2026 Share Option Scheme will not cause any material adverse impact to the financial position of our Group;

(e) not being fully compliant with the Share Option Disclosure Requirements would not prevent the Company from providing our potential [REDACTED] with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(f) material information relating to the options, including most of the information required under the Waiver Conditions, has been disclosed in this document, to provide prospective [REDACTED] with sufficient information to make an informed decision, and such information includes:

    (i) a summary of the terms of the 2026 Share Option Scheme;

    (ii) the aggregate number of A Shares subject to the outstanding options and the percentage in our total issued Shares of which such number represents;

    (iii) the potential dilutive effect and the impact on earnings per Share upon full exercise of the options and the issue of new Shares in respect of the options immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised); and

(iv) the details of the outstanding options granted under the 2026 Share Option Scheme by the range of underlying A Shares, including the date of grant, vesting period, exercise price and the percentage of our Company's total issued share capital represented upon completion of the [REDACTED].

In light of the above, our Directors believe that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not hinder potential [REDACTED] from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interests of the public [REDACTED].

The Stock Exchange [has granted] us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules with respect to the options granted under the 2026 Share Option Scheme, subject to the conditions that:

(a) the grant of a certificate of exemption from strict compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance by the SFC;

(b) on an individual basis, full details of the outstanding options granted by our Company under the 2026 Share Option Scheme to each of our Directors, members of the senior management and other connected persons of our Company, including all the particulars required by the Share Option Disclosure Requirements;

(c) in respect of the outstanding options granted by our Company under the 2026 Share Option Scheme to grantees other than those referred to in sub-paragraph (b) above, disclosure will be made on an aggregate basis, categorized into lots based on the number of A Shares underlying each individual grantee, being (i) less than 50,000 A Shares, and (ii) 50,001 to 100,000 A Shares. For each lot of A Shares, the following details are disclosed in this document, including (i) the aggregate number of the grantees and the number of A Shares subject to the options granted to them under the 2026 Share Option Scheme, (ii) the consideration paid (if any) for the grant of the options granted under the 2026 Share Option Scheme, and (iii) the exercise period and the exercise price for the options granted under the 2026 Share Option Scheme;

(d) the aggregate number of A Shares underlying the outstanding options and the percentage of our Company's total issued share capital represented by such number of A Shares as of the Latest Practicable Date will be disclosed in this document;

(e) the potential dilutive effect and the impact on earnings per Share upon full exercise of the options and the issue of new A Shares in respect of the options will be disclosed in this document;

(f) a summary of the principal terms of the 2026 Share Option Scheme will be disclosed in the section headed "Appendix VI—Statutory and General Information—D. 2026 Share Option Scheme" in this document;

(g) the particulars of this waiver are set out in this document; and

(h) a full list of all the grantees with outstanding options over A Shares under the 2026 Share Option Scheme, containing all details as required under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display and for Inspection—Document Available for Inspection" in Appendix VII to this document.

WAIVERS AND EXEMPTION

The SFC [has granted] us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance with respect to the options granted under the 2026 Share Option Scheme, subject to the conditions that:

(a) on an individual basis, full details of the outstanding options granted by our Company under the 2026 Share Option Scheme to each of our Directors, members of the senior management and other connected persons of our Company, will be disclosed in the section headed "Appendix VI—Statutory and General Information—D. 2026 Share Option Scheme" to this document as required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the outstanding options granted under the 2026 Share Option Scheme to grantees other than those referred to in sub-paragraph (a) above, disclosure will be made on an aggregate basis, categorized into lots based on the number of A Shares underlying each individual grantee, being (i) less than 50,000 A Shares, and (ii) 50,001 to 100,000 A Shares. For each lot of A Shares, the following details are disclosed in this document, including (i) the aggregate number of the grantees and the number of A Shares subject to the options granted to them under the 2026 Share Option Scheme, (ii) the consideration paid (if any) for the grant of the options granted under the 2026 Share Option Scheme, and (iii) the exercise period and the exercise price for the options granted under the 2026 Share Option Scheme;

(c) a full list of all the grantees containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for physical public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display and for Inspection—Document Available for Inspection" in Appendix VII to this document; and

(d) the particulars of this exemption will be disclosed in this document and that this document will be issued on or before [REDACTED].

[REDACTED]

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Huang Ming-Hung (黃銘宏)	No. 40, Arouyang, Arou Village Shenkeng District, New Taipei City Taiwan	Chinese (Taiwan)
Mr. Lee Ying-Kuei (李英魁)	2/F, No 14, Lane 62 Section 2, Renai Road Linkou District, New Taipei City Taiwan	Chinese (Taiwan)
Ms. He Junlan (賀君蘭)	Room 616, 6/F, D4 Building No. 88, Daqi Avenue Economic & Technological Development Zone, Huangshi City Hubei PRC	Chinese
Non-Executive Director		
Ms. Liu Kuo-Ching (劉國瑾)	4/F, No. 38, Alley 4, Lane 69 Section 5, Minsheng East Road Lin 9, Dongrong Village Songshan District, Taipei City Taiwan	Chinese (Taiwan)
Independent Non-Executive Directors		
Mr. Wang Shih-Ming (王世銘)	Room 602, No. 26, Alley 11 Honggu Road Changning District Shanghai PRC	Chinese (Taiwan)
Mr. Lee Tai-Long (李岱隆)	6/F, No. 7, Alley 45, Lane 236 Section 5, Zhongxiao East Road Xinyi District, Taipei City Taiwan	Chinese (Taiwan)
Mr. Yick Tze Ho Adrian (易子皓)	Flat 21B, Serene Court 8 Kotewall Road Mid-levels Hong Kong	Chinese (Hong Kong)

Further information about our Directors are set out in "Directors and Senior Management" in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **Guolian Securities International Capital Market Co., Limited** Unit 2103–4, 21st Floor, Li Po Chun Chambers 189 Des Voeux Road Central Sheung Wan Hong Kong
[REDACTED]	[REDACTED]
Legal Advisors to our Company	*As to Hong Kong and U.S. laws:* **Paul Hastings (Hong Kong) LLP** 22/F, Bank of China Tower 1 Garden Road Hong Kong *As to PRC law:* **Fangda Partners** 24/F, HKRI Centre Two, HKRI Taikoo Hui 288 Shi Men Yi Road Shanghai PRC
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Freshfields** 55/F, One Island East, Taikoo Place Quarry Bay Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 10/F, Tower 1, Jing An Kerry Centre 1515 West Nanjing Road Shanghai PRC

Auditor and Reporting Accountant	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* *under the Accounting and* *Financial Reporting Council Ordinance* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Shanghai Wheelock Square 1717 Nanjing West Road Jing'an District Shanghai PRC
[REDACTED]	[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 88, Daqi Avenue, Wangren Town Economic & Technological Development Zone, Huangshi City Hubei PRC
Headquarters and Principal Place of Business in the PRC	No.88, Daqi Avenue, Wangren Town Economic & Technological Development Zone Huangshi City Hubei PRC
Principal Place of Business in Hong Kong	Room 1912, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.dynamicpcb.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Mr. Chen Jen-Chun (陳人群)** No. 3–7, Xinxing Lane Xiuzheng Road, Bixiu Village Qiaotou District, Kaohsiung City Taiwan **Ms. Yeung Sui Ho (楊瑞好)** *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1912, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Huang Ming-Hung (黃銘宏)** No. 40, Arouyang, Arou Village Shenkeng District, New Taipei City Taiwan **Mr. Chen Jen-Chun (陳人群)** No. 3–7, Xinxing Lane Xiuzheng Road, Bixiu Village Qiaotou District, Kaohsiung City Taiwan
Audit Committee	Mr. Wang Shih-Ming (王世銘) (*Chairperson*) Mr. Lee Tai-Long (李岱隆) Ms. Liu Kuo-Ching (劉國瑾)
Remuneration and Appraisal Committee	Mr. Lee Tai-Long (李岱隆) (*Chairperson*) Mr. Wang Shih-Ming (王世銘) Ms. Liu Kuo-Ching (劉國瑾)

Nomination Committee	Mr. Wang Shih-Ming (王世銘) (*Chairperson*) Mr. Yick Tze Ho Adrian (易子皓) Ms. Liu Kuo-Ching (劉國瑾)
Strategy Committee	Mr. Huang Ming-Hung (黃銘宏) (*Chairperson*) Mr. Lee Tai-Long (李岱隆) Mr. Lee Ying-Kuei (李英魁)
[REDACTED]	[REDACTED]
Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
Principal Bank	**Bank of Communications Co., Ltd.** **Huangshi Branch** No. 36, Guilin North Road Huangshi City Hubei PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document have been extracted from various official government sources and a market research report prepared by Frost & Sullivan, or the F&S Report, which was commissioned by us. We engaged Frost & Sullivan to prepare the F&S Report, an independent industry report for the [REDACTED]. We believe these sources are appropriate sources for such information and statistics. Our Directors and the Joint Sponsors have exercised reasonable care in selecting and identifying these information sources, compiling, extracting and reproducing the information, and ensuring no material omission of the information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], any of our or their respective directors, employees or advisors, or any other party involved in the [REDACTED], and no representation is given as to its accuracy.

GLOBAL PCB MARKET

Overview

Printed circuit boards, or PCBs, are functional boards on which conductive circuit patterns or printed elements are formed on a copper-clad laminate or other insulating substrate in accordance with a predetermined design. They support electronic components and provide electrical interconnection and signal-transmission functions. PCBs are fundamental interconnection platforms used in a wide range of electronic devices, and their performance is affected by, among others, layer count, circuit density, material properties, reliability requirements and end-use application.

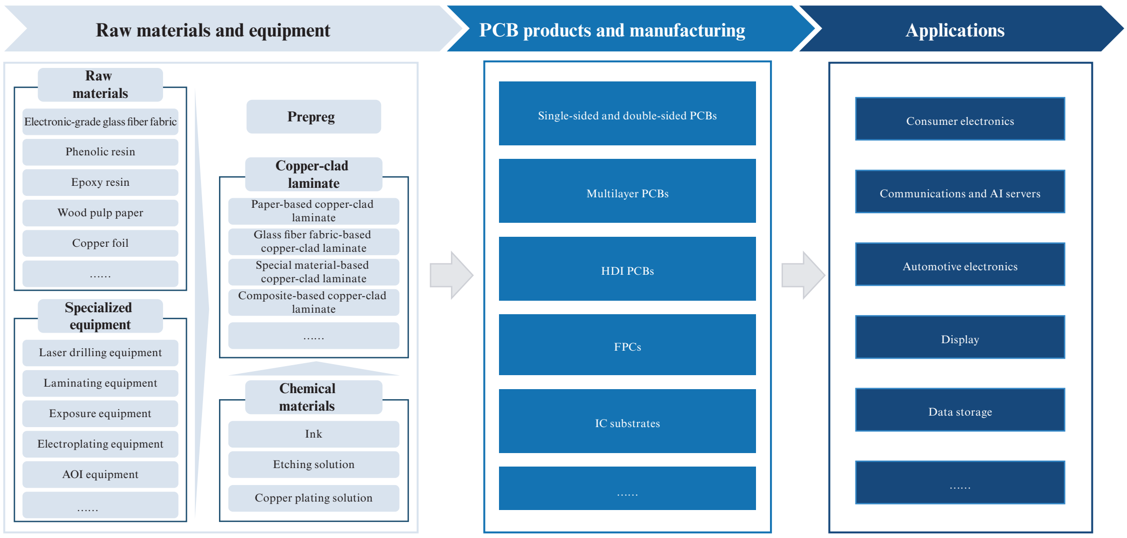
By product type, PCBs primarily comprise high-density interconnect, or HDI, PCBs, multilayer PCBs, single-sided and double-sided PCBs, flexible printed circuits, or FPCs, and integrated circuit, or IC, substrates. HDI PCBs use microvias, blind vias and buried vias to achieve dense interconnection within a limited area. Multilayer PCBs are formed by laminating multiple conductive circuit layers with insulating dielectric materials to enable interlayer connections. Single-sided and double-sided PCBs have conductive circuits on one or both sides, respectively. FPCs use flexible substrates to support bendable circuitry, while IC substrates provide electrical connection and mechanical support between semiconductor chips and PCBs.

By downstream application, PCBs are widely used in consumer electronics, communications and AI servers, automotive electronics, displays and data storage devices, among others. Consumer electronics applications generally require compact form factors, high integration and stable supply. Communication and AI server applications require, among others, high-density wiring, signal and power integrity, thermal management, high-speed transmission, low-loss materials and impedance control. Automotive electronics place particular emphasis on automotive-grade reliability, environmental adaptability, long-term stability and quality traceability. Display applications principally include display panels, display modules and driver-control components. Data storage applications include hard disk drives, or HDDs, solid-state drives, or SSDs, and memory modules and increasingly require high-speed transmission, high-density wiring and operational stability to support enterprise data storage, data centers and AI training and inference.

Industry Chain Analysis

The PCB industry chain comprises upstream material and equipment suppliers, midstream PCB manufacturers and downstream application sectors. Upstream materials and equipment affect PCB cost, performance and process stability. Midstream manufacturers produce HDI PCBs, multilayer PCBs, FPCs, IC substrates and single-sided and double-sided PCBs to meet end-use requirements relating to layer count, wiring density, material performance, impedance control and reliability. Downstream applications include consumer electronics, communications and AI servers, automotive electronics, display and data storage, among others. As downstream electronic products develop towards higher speeds, greater intelligence and computing power, increased electrification and higher reliability, PCB demand is increasingly driven by product complexity and value per unit rather than shipment volume alone.

PCB Industry Chain



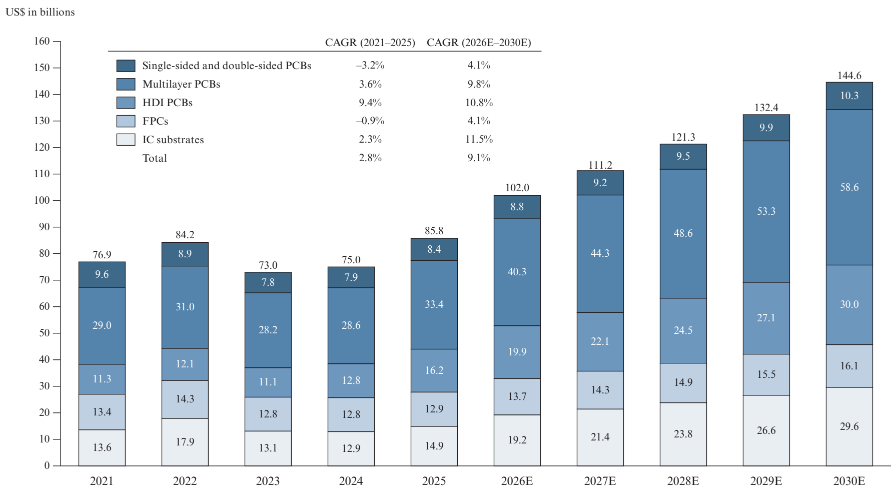
Source: Frost & Sullivan

Market Size

The global PCB industry is transitioning from cyclical recovery to structural growth. From 2021 to 2025, the global PCB market increased from US$76.9 billion to US$85.8 billion, representing a CAGR of 2.8%. By product type, HDI PCBs were the fastest-growing category, with market size increasing from US$11.3 billion to US$16.2 billion at a CAGR of 9.4%, primarily driven by demand for high-density interconnection in communications and AI servers, as well as automotive electronics. Multilayer PCBs and IC substrates recorded CAGRs of 3.6% and 2.3%, respectively. During the same period, single-sided and double-sided PCBs and FPCs recorded negative CAGRs of 3.2% and 0.9%, respectively.

From 2026 to 2030, the global PCB market is expected to increase from US$102.0 billion to US$144.6 billion at a CAGR of 9.1%. IC substrates are expected to increase at a CAGR of 11.5% and reach US$29.6 billion by 2030. HDI PCBs and multilayer PCBs are expected to increase at CAGRs of 10.8% and 9.8%, respectively, reaching US$30.0 billion and US$58.6 billion by 2030, respectively. Single-sided and double-sided PCBs and FPCs are also expected to return to growth, albeit at comparatively lower rates.

Global PCB Market Size by Product Type (Sales Revenue), 2021–2030E

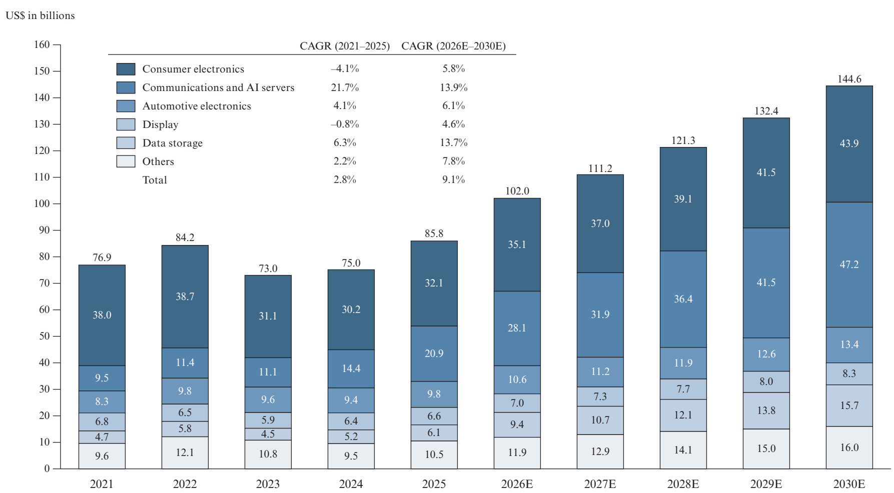


Sources: Frost & Sullivan and Prismark

By application, the communication and AI server segment increased from US$9.5 billion to US$20.9 billion at a CAGR of 21.7% from 2021 to 2025, making it the fastest-growing segment. The data storage segment increased from US$4.7 billion to US$6.1 billion at a CAGR of 6.3% from 2021 to 2025, while the automotive electronics segment increased from US$8.3 billion to US$9.8 billion at a CAGR of 4.1% during the same period. Consumer electronics remained the largest downstream PCB market from 2021 to 2025, although its market size decreased from US$38.0 billion to US$32.1 billion during the same period, representing a negative CAGR of 4.1%.

From 2026 to 2030, the communication and AI server segment is expected to increase at a CAGR of 13.9% and reach US$47.2 billion by 2030. The data storage segment is expected to increase at a CAGR of 13.7% and reach US$15.7 billion by 2030. The automotive electronics, consumer electronics and display segments are also expected to maintain steady growth. Accordingly, growth in the global PCB market is expected to be increasingly driven by expansion in the communication and AI server segment and the data storage segment.

Global PCB Market Size by Application (Sales Revenue), 2021–2030E



Sources: Frost & Sullivan and Prismark

Industry Trends and Growth Drivers

- ***Growth in higher-value downstream applications is driving PCB demand and product-mix upgrades***. As the global electronics industry advances towards greater computing power, high-speed interconnection, intelligence and electrification, incremental PCB demand is shifting towards applications such as AI servers, high-speed communications, automotive electronics and enterprise data storage. These applications require higher-speed transmission, greater reliability, denser wiring and improved thermal management, supporting demand for more technologically complex and higher-value PCB products.

- ***PCB technologies and product mix are advancing***. Higher requirements for layer count, wiring density, signal integrity, impedance control and low-loss materials are driving increased adoption of HDI, high-layer-count, high-frequency and high-speed PCBs and other high-reliability PCBs. As technical complexity increases, competitive capabilities increasingly depend on material processing, complex lamination, precision manufacturing, reliability verification and stable mass production.

- ***PCB manufacturers are expanding their global production footprints to enhance supply chain resilience and regional delivery capabilities***. Southeast Asia, including Thailand, has become an important location for overseas PCB capacity, supported by its electronics-manufacturing ecosystem and strategic location. Such overseas expansion increasingly involves not only additional production capacity, but also local engineering support, quality management and supply chain coordination.

Opportunities and Challenges

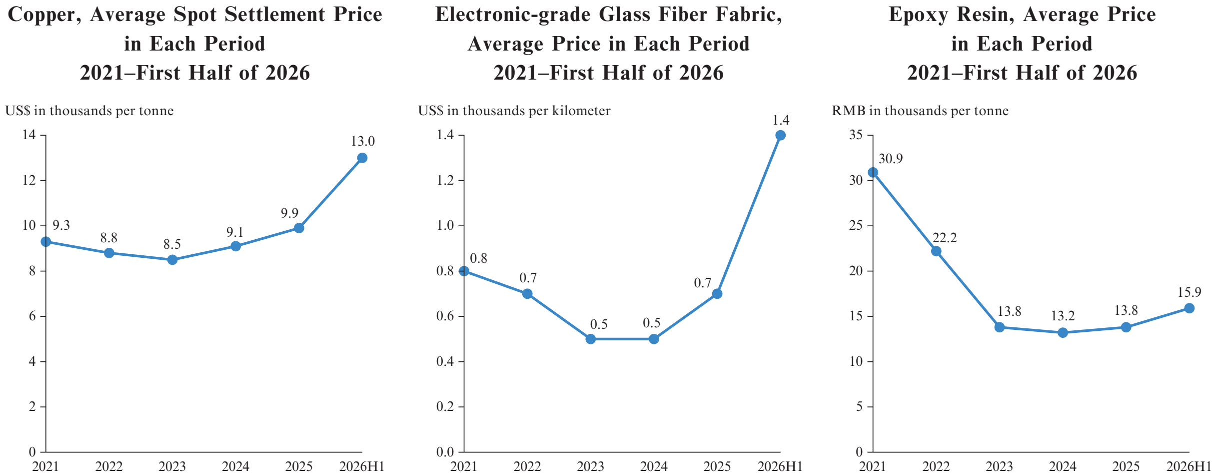
- ***Growth in higher-value applications, product-mix upgrades and supply chain regionalization present key opportunities for the global PCB industry***. Demand from AI servers, data centers, automotive electronics, data storage devices and high-speed communications is increasing PCB content per device and supporting greater adoption of HDI, high-layer-count, high-frequency and high-speed and other high-reliability PCBs. Established PCB ecosystems spanning materials, equipment, manufacturing and downstream electronics support the continued development of higher-end products, complex processes and supply chain collaboration.

- ***Rising raw-material prices, together with intensifying competition, have placed pressure on gross profit margins across the PCB industry and prompted manufacturers to shift toward higher-value application segments***. Since 2024, prices of upstream materials such as copper foil and copper-clad laminates have continued to increase, driving up production costs for PCB manufacturers. At the same time, competition in traditional end markets, including consumer electronics and basic automotive electronics, has intensified, exerting downward pressure on product pricing and limiting manufacturers' ability to pass higher input costs on to downstream customers, thereby further constraining profitability. Against this backdrop, PCB manufacturers are accelerating their expansion into higher-value-added applications, including AI servers, intelligent driving and data storage, while upgrading their technological capabilities in advanced HDI and high-layer-count multilayer PCBs, enhancing earnings resilience and developing new growth drivers.

Price Trends of Key Raw Materials for PCBs

Copper-clad laminates are the principal raw material used in PCB production, and their key input materials include copper foil, electronic-grade glass fiber fabric and resin. Copper foil prices are primarily affected by global copper prices, while electronic-grade glass fiber fabric and resin prices are influenced by upstream chemical feedstocks, supply and demand for glass fiber, conditions in the downstream electronics industry and PCB capacity utilization. In recent years, prices of key PCB raw materials generally increased, subsequently declined and then recovered. Prices rebounded notably in the first half of 2026, primarily reflecting higher copper prices, tighter supply of electronic-grade glass fiber and growing demand for materials used in higher-end PCBs for AI servers and automotive electronics. Key raw material prices are expected to remain affected by commodity prices, supply-demand dynamics, demand from higher-end applications and inventory cycles across the value chain.

Price Trends of Key Raw Materials for PCBs



Sources: Wind and Frost & Sullivan

GLOBAL AUTOMOTIVE PCB MARKET

Overview

Automotive PCBs are used in vehicle electronic systems to provide electrical interconnection, signal transmission, power control and system integration among electronic modules. Compared with PCBs used in general consumer electronics, automotive PCBs typically face more stringent requirements relating to reliability, environmental adaptability, resistance to high temperatures and vibration, service life and quality traceability.

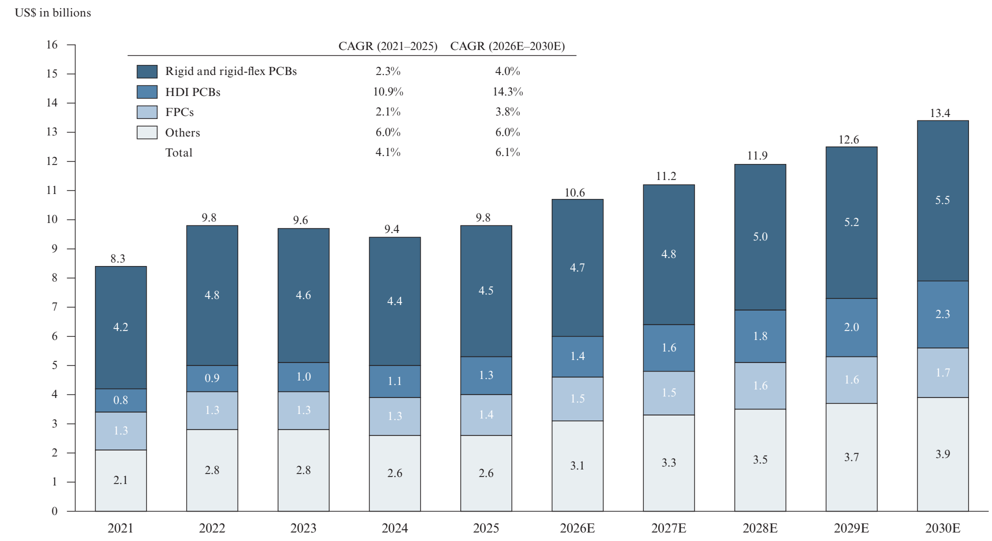
By application, automotive PCBs are primarily used in smart cockpits, autonomous-driving systems, battery, motor and electronic control systems, body-control systems and other vehicle functions. Smart-cockpit PCBs support displays, infotainment and domain-control systems and generally require dense wiring and stable signal transmission. Autonomous-driving PCBs are used in cameras, radar systems and domain controllers and require high-speed transmission and high reliability. PCBs used in battery, motor and electronic control systems emphasize current-carrying capability, thermal management and insulation, while body-control PCBs require stable interconnection and environmental adaptability.

Market Size

The global automotive PCB market is experiencing expansion accompanied by faster product-mix upgrading. From 2021 to 2025, the market increased from US$8.3 billion to US$9.8 billion at a CAGR of 4.1%. By product type, HDI PCBs were the fastest-growing category, increasing from US$0.8 billion to US$1.3 billion at a CAGR of 10.9% from 2021 to 2025, principally driven by demand for dense interconnection in advanced driver-assistance system domain controllers, millimeter-wave radar systems and smart cockpits. Rigid and rigid-flex PCBs remained the largest product category, although their CAGR was comparatively lower at 2.3% during the same period.

From 2026 to 2030, the global automotive PCB market is expected to increase from US$10.6 billion to US$13.4 billion at a CAGR of 6.1%. Automotive HDI PCBs are expected to increase at a CAGR of 14.3%, significantly above the market average, and reach US$2.3 billion by 2030. As vehicle electrification and intelligent functions continue to develop, PCB content per vehicle and the contribution of HDI PCBs are expected to increase.

Global Automotive PCB Market Size by Product Type (Sales Revenue), 2021–2030E

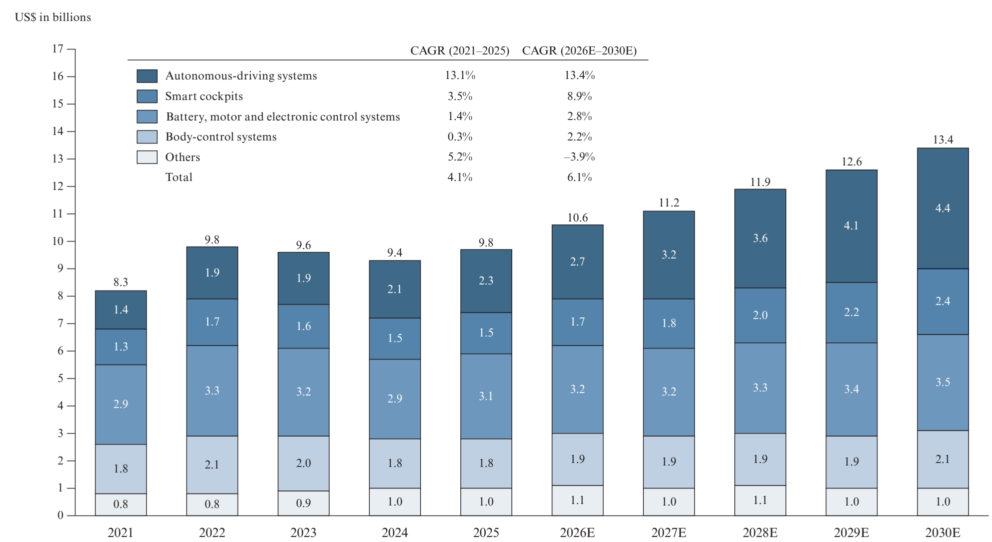


Sources: Frost & Sullivan and Prismark

By application, autonomous-driving PCBs recorded the fastest growth from 2021 to 2025, with market size increasing from US$1.4 billion to US$2.3 billion at a CAGR of 13.1%. Smart-cockpit PCBs increased from US$1.3 billion to US$1.5 billion at a CAGR of 3.5% from 2021 to 2025, supported by increasing adoption of multiple and larger displays.

From 2026 to 2030, the autonomous-driving PCB segment is expected to increase at a CAGR of 13.4% and reach US$4.4 billion by 2030. The CAGR of smart-cockpit PCBs for the same period is expected to increase to 8.9%. The progression of autonomous-driving technology from Level 2 towards Level 3 and Level 4, together with greater use of redundant sensing systems, is expected to increase PCB content per vehicle. Autonomous driving is therefore expected to remain a key growth driver for the automotive PCB industry.

Global Automotive PCB Market Size by Application (Sales Revenue), 2021–2030E



Sources: Frost & Sullivan and Prismark

Industry Trends and Growth Drivers

- ***Vehicle electrification and increasingly intelligent functions are driving PCB demand and a shift towards higher-value products***. Rising adoption of new energy vehicles and the development of autonomous-driving systems, smart cockpits and domain controllers are increasing electronic content and PCB value per vehicle. These applications require denser wiring, higher-speed signal transmission, stronger current-carrying and thermal-management capabilities and greater reliability, supporting increased adoption of automotive HDI, high-frequency and high-speed, thick-copper and other high-reliability PCBs.

- ***Automotive-grade reliability requirements also create significant barriers to entry***. PCB suppliers must meet stringent standards for material selection, process control, reliability, batch consistency and traceability, and generally undergo lengthy qualification by original equipment manufacturers and Tier-1 suppliers. As automotive applications become more complex, suppliers with established process expertise, stable mass-production capabilities and robust quality management are better positioned to maintain long-term customer relationships.

GLOBAL DATA STORAGE PCB MARKET

Overview

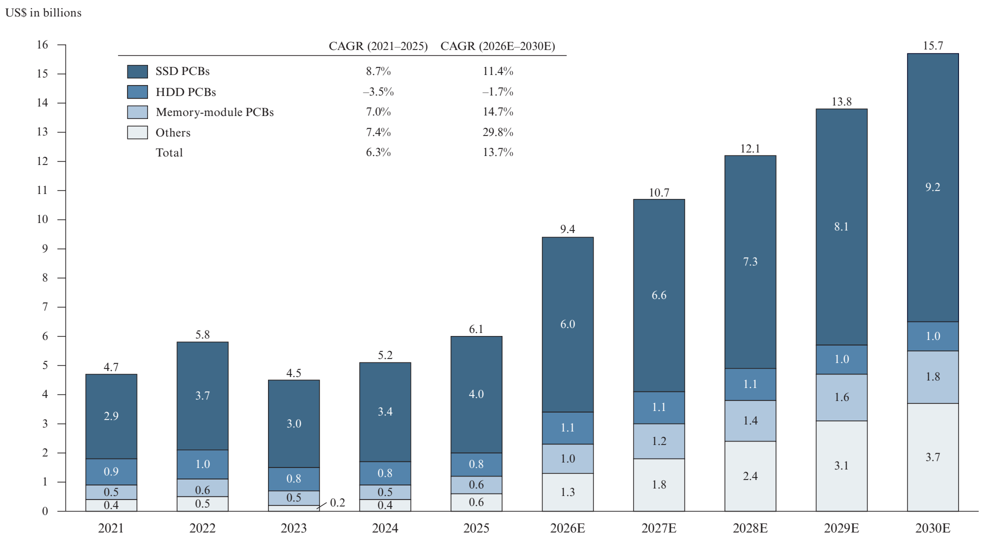
Data storage PCBs are used in data storage devices and memory modules to provide electrical interconnection, signal transmission, control and power-supply functions. By application, data storage PCBs primarily comprise SSD PCBs, HDD PCBs and memory-module PCBs. SSD PCBs carry NAND flash memory, controllers, cache and interfaces. HDD PCBs support disk-drive operation, motor control, read/write signal processing and power management. Memory-module PCBs serve as the high-precision interconnect backbone and component carrier of a DIMM.

Market Size

The global data storage PCB market is entering a period of faster growth driven by demand for AI computing capacity. From 2021 to 2025, the market increased from US$4.7 billion to US$6.1 billion at a CAGR of 6.3%. SSD PCBs were the largest and fastest-growing segment, increasing from US$2.9 billion to US$4.0 billion at a CAGR of 8.7% from 2021 to 2025. Memory-module PCBs increased from US$0.5 billion to US$0.6 billion at a CAGR of 7.0% during the same period, principally driven by increasing memory requirements for AI servers. In 2025, AI data storage PCBs represented a market of US$650.0 million, following growth from 2021 to 2025 supported by the transition to fifth-generation double data rate, or DDR5, memory.

From 2026 to 2030, the global data storage PCB market is expected to increase from US$9.4 billion to US$15.7 billion at a CAGR of 13.7%, faster than during the preceding five years. Memory-module PCBs are expected to grow at a CAGR of 14.7% during the same period and reach US$1.8 billion by 2030, principally driven by demand for AI servers. SSD PCBs are expected to increase at a CAGR of 11.4%. Increasing demand for high-bandwidth and high-capacity data storage for AI training and inference is expected to support continued growth of data storage PCBs. The market for AI data storage PCBs is expected to approach US$1.4 billion by 2030, representing a CAGR of 16.5% from 2026 to 2030.

Global Data Storage PCB Market Size by Product Type (Sales Revenue), 2021–2030E



Sources: Frost & Sullivan and Prismark

Industry Trends and Growth Drivers

AI, cloud computing and data center expansion are driving data storage PCB demand and broadening their applications from consumer electronics towards enterprise data storage, data centers and AI infrastructure. Growing demand for high-capacity, high-bandwidth and low-latency data storage is supporting the development of SSDs and memory modules. At the same time, data storage PCBs are evolving towards higher-speed transmission, denser interconnection and lower-loss materials. The adoption of enterprise SSDs, DDR5/DDR6 memory modules and new memory form factors is raising requirements for impedance control, board uniformity, material-process matching and high-speed interfaces. Suppliers with strong capabilities in contact processing, multilayer alignment, PCIe interface support and stable mass production are better positioned to serve higher-end data storage PCB applications.

GLOBAL COMMUNICATION AND AI SERVER PCB MARKET

Overview

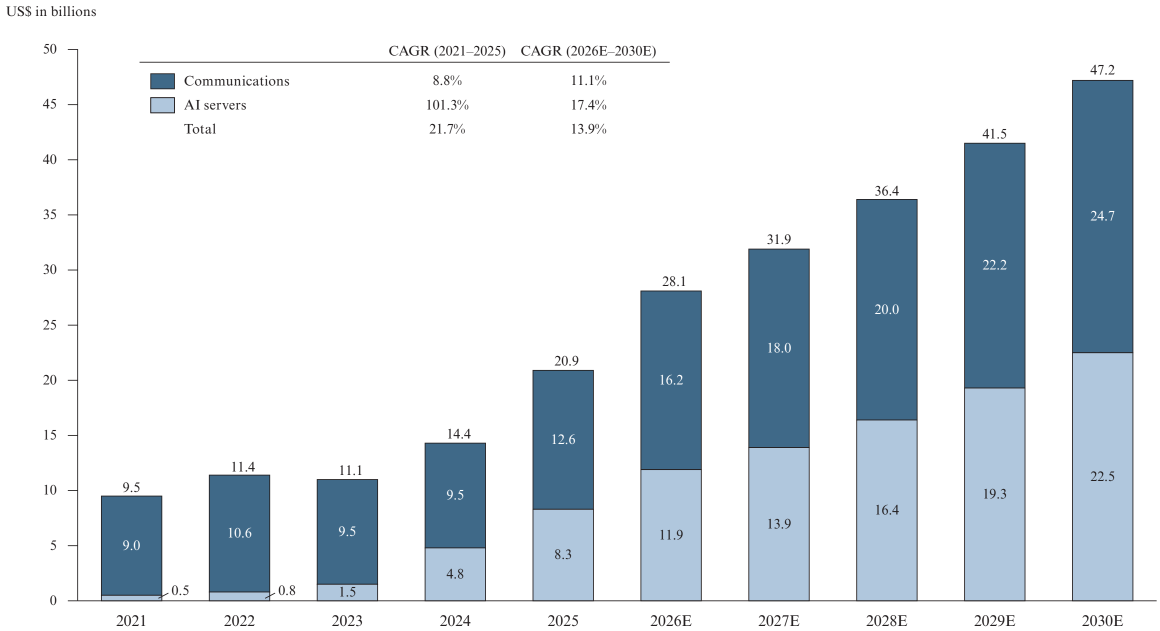
Communication and AI server PCBs are used in AI servers, high-performance computing systems, general-purpose servers and communications equipment. They provide electrical interconnection and mechanical support for components such as graphics processing units, or GPUs, application-specific integrated circuits, or ASICs, network switches, server motherboards and optical modules with transmission rates of 800G or above, enabling computing, data exchange, high-speed signal transmission and system interconnection.

Market Size

The global communication and AI server PCB market recorded rapid growth driven by increasing demand for AI computing capacity. From 2021 to 2025, the market increased from US$9.5 billion to US$20.9 billion at a CAGR of 21.7%, making it the fastest-growing PCB application segment. AI server PCBs were the principal growth driver, increasing from US$0.5 billion to US$8.3 billion at a CAGR of 101.3% from 2021 to 2025. Upgrades to GPU platforms by leading manufacturers and increased capital expenditure by cloud service providers are supporting demand for high-layer-count PCBs, HDI PCBs, PCBs using high-frequency and high-speed materials and higher-end IC substrates. Communication PCBs increased from US$9.0 billion to US$12.6 billion at a CAGR of 8.8% during the same period.

From 2026 to 2030, the combined market is expected to increase from US$28.1 billion to US$47.2 billion at a CAGR of 13.9%. AI server PCBs are expected to grow at a CAGR of 17.4% during the same period and reach US$22.5 billion by 2030, broadly comparable in size to the communication PCB segment, which is expected to grow at a CAGR of 11.1%.

Global Communication and AI Server PCB Market Size (Sales Revenue), 2021–2030E



Sources: Frost & Sullivan and Prismark

Industry Trends and Growth Drivers

AI computing and data center network upgrades are increasing PCB content per system and demand for higher-value products. The adoption of advanced GPUs, ASICs, AI accelerator cards, high-speed switches and optical modules is raising requirements for signal transmission, power integrity, system stability and thermal management, supporting demand for advanced HDI PCBs and high-layer-count products. Competition is also shifting towards broader technological and manufacturing capabilities. Development of AI server and high-speed communication PCBs increasingly requires expertise in high-layer-count products and advanced HDI. Meanwhile, customers' emphasis on supply chain resilience and regional delivery is encouraging PCB manufacturers to expand advanced production capacity overseas.

COMPETITIVE LANDSCAPE

Global PCB Market

The global PCB market has a large number of participants and low concentration, while competition is increasingly focused on higher-end products and comprehensive capabilities rather than capacity expansion alone. In 2025, the 10 largest market participants accounted for 37.7% of global PCB sales revenue. We ranked 42nd globally by PCB sales revenue, with a market share of 0.7%.

Global Automotive PCB Market

The global automotive PCB market is concentrated and stable. By sales revenue, we ranked eighth globally in 2025 and sixth in the first half of 2026.

Global Automotive PCB Market Ranking by Sales Revenue, 2025 and First Half of 2026

Rank	Company	Revenue in 2025	Market Share	Rank	Company	Revenue in first half of 2026	Market Share
		(RMB in hundreds of millions)				*(RMB in hundreds of millions)*	
1	Company A	69.5	10.2%	1	Company A	40.2	10.9%
2	Company B	45.8	6.7%	2	Company B	32.3	8.7%
3	Company D	37.5	5.5%	3	Company C	20.1	5.4%
4	Company C	32.2	4.7%	4	Company D	19.5	5.3%
5	Company E	30.4	4.4%	5	Company F	17.9	4.8%
6	Company F	30.1	4.4%	**6**	**Our Company**	**15.0**	**4.1%**
7	Company G	27.8	4.1%	7	Company G	14.6	3.9%
8	**Our Company**	**26.3**	**3.8%**	8	Company E	14.4	3.9%
9	Company I	25.9	3.8%	9	Company J	10.9	2.9%
10	Company J	23.2	3.4%	10	Company H	10.6	2.9%

Sources: corporate annual reports, expert interviews and Frost & Sullivan

* The above market statistics exclude sales revenue from automotive PCBs primarily comprising flexible printed circuits. Revenue figures in the table above have been rounded. Market shares are calculated based on unrounded revenue figures.

(1) Company A was established in 1993 and is a listed company headquartered in Shenzhen, Chinese Mainland. Its principal products include high-layer-count PCBs, HDI PCBs, flexible PCBs, rigid-flex PCBs, metal-based PCBs, high-frequency and high-speed PCBs, thick-copper PCBs and substrate-like PCBs.

(2) Company B was established in 1975 and is a listed company headquartered in Ayase, Kanagawa Prefecture, Japan. Its principal products include double-sided and multilayer through-hole PCBs, HDI PCBs, flexible and rigid-flex PCBs, high-current PCBs, thermal-management PCBs, component-embedded PCBs and PCB inspection equipment.

(3) Company C was established in 1991 and is a listed company headquartered in Taoyuan City, Taiwan, China. Its principal products include double-sided and multilayer PCBs, HDI PCBs, high-frequency and high-speed PCBs, rigid-flex PCBs, thermal-management PCBs and high-current and high-voltage PCBs.

(4) Company D was established in 1961 and is a listed company headquartered in Shinjuku, Tokyo, Japan. Its principal products include automotive and industrial PCBs, including high-layer-count PCBs, HDI PCBs, high-frequency and high-speed PCBs, thermal-management PCBs and high-current PCBs.

(5) Company E was established in 1992 and is a listed company headquartered in Kunshan, Jiangsu, Chinese Mainland. Its principal products include backplanes, line cards, server PCBs, power-amplifier PCBs, antenna PCBs and automotive electronics PCBs.

(6) Company F was established in 1984 and is a listed company headquartered in Shenzhen, Chinese Mainland. Its principal products and services include PCBs, IC substrates, electronic assembly, system-in-package products and related design, micro-assembly and testing services.

(7) Company G was established in 1979 and is a listed company headquartered in Taoyuan City, Taiwan, China. Its principal products include single-sided, double-sided and multilayer PCBs, HDI PCBs, high-frequency and high-speed PCBs, thick-copper PCBs, metal-based PCBs, flexible PCBs, copper-inlay PCBs and busbar PCBs.

(8) Company H was established in 1998 and is a listed company headquartered in Santa Ana, California, the United States. Its principal products include advanced PCBs, IC substrates, radio-frequency components, radio-frequency and microwave components and microelectronic components.

(9) Company I was established in 2006 and is a listed company headquartered in Huizhou, Guangdong, Chinese Mainland. Its principal products include high-layer-count PCBs, advanced HDI PCBs, flexible PCBs and rigid-flex PCBs.

(10) Company J was established in 2005 and is a listed company headquartered in Jiangmen, Guangdong, Chinese Mainland. Its principal products include high-layer-count PCBs, HDI PCBs, flexible PCBs, rigid-flex PCBs and metal-based PCBs.

The global automotive HDI PCB market is concentrated. By sales revenue, we ranked first globally in both 2025 and the first half of 2026.

Global Automotive HDI PCB Market Ranking by Sales Revenue, 2025 and First Half of 2026

Rank	Company	Revenue in 2025	Market Share	Rank	Company	Revenue in first half of 2026	Market Share
		(RMB in hundreds of millions)				*(RMB in hundreds of millions)*	
1	**Our Company**	**13.1**	**15.0%**	**1**	**Our Company**	**8.1**	**17.0%**
2	Company C	11.8	13.5%	2	Company C	8.0	16.9%
3	Company F	9.7	11.1%	3	Company F	5.8	12.1%
4	Company I	9.4	10.7%	4	Company B	3.6	7.6%
5	Company B	5.1	5.8%	5	Company I	3.6	7.5%

Sources: corporate annual reports, expert interviews and Frost & Sullivan

* Revenue figures in the table above have been rounded. Market shares are calculated based on unrounded revenue figures.

Global Data Storage PCB Market

In 2025, the global data storage PCB market reached US$6.1 billion, representing 7.0% of the overall global PCB market. We generated RMB548.1 million of data storage PCB revenue in 2025, ranking 13th globally and fourth among PCB suppliers in Chinese Mainland. The global memory-module PCB market is concentrated. By sales revenue, we ranked third globally in both 2025 and the first half of 2026.

Global Memory-Module PCB Market Ranking by Sales Revenue, 2025 and First Half of 2026

Rank	Company	Revenue in 2025	Market Share	Rank	Company	Revenue in first half of 2026	Market Share
		(RMB in hundreds of millions)				*(RMB in hundreds of millions)*	
1	Company C	16.8	37.1%	1	Company C	14.6	40.7%
2	Company K	15.8	34.9%	2	Company K	11.1	31.0%
3	**Our Company**	**3.1**	**6.8%**	**3**	**Our Company**	**2.9**	**8.1%**
4	Company L	2.4	5.3%	4	Company M	1.8	5.0%
5	Company M	1.9	4.2%	5	Company L	1.2	3.3%

Sources: corporate annual reports, expert interviews and Frost & Sullivan

* Revenue figures in the table above exclude revenue from IC substrates and have been rounded. Market shares are calculated based on unrounded revenue figures.

(1) Company K was established in 1990 and is a listed company headquartered in Guishan District, Taoyuan City, Taiwan, China. Its principal products and services include advanced multilayer PCBs, HDI PCBs, flexible PCBs, rigid-flex PCBs, IC substrates and IC burn-in and testing services.

(2) Company L was established in 2006 and is a listed company headquartered in Taoyuan City, Taiwan, China. Its principal products include flexible PCBs and surface mount assembly, substrate-like PCBs, HDI PCBs, high-layer-count and high-density interconnect boards, multilayer PCBs and module products.

(3) Company M was established in 2008 and is a listed company headquartered in Shenzhen, Chinese Mainland, with its registered address and principal production base in Yiyang, Hunan, Chinese Mainland. Its principal products include single-sided, double-sided and multilayer PCBs and HDI PCBs, which are used mainly in data centers and servers, automotive electronics, communications networks, consumer electronics, industrial control and security applications.

Since 2025, the global AI server market has experienced explosive growth, driving a sustained increase in demand for data storage PCBs. In particular, the vast majority of memory module capacity has been directed toward meeting AI server requirements; as a result, since 2025, memory-module PCBs have been predominantly deployed in the AI server segment.

The global AI data storage PCB market is concentrated. We generated RMB240.0 million and RMB230.0 million of AI data storage PCB revenue in 2025 and the first half of 2026, respectively. By sales revenue, we ranked third globally in both periods.

ENTRY BARRIERS

- ***Technical and process barriers***. Higher-end PCB manufacturing requires integrated capabilities in materials, structural design, precision processing, impedance control and reliability verification. These capabilities depend on sustained research and development, engineering experience and accumulated production know-how, making them difficult for new entrants to replicate quickly.
- ***Customer qualification and supply chain entry barriers***. PCBs are highly customized, and suppliers generally undergo sample testing, trial production, quality-system audits and ongoing delivery assessments before approval. Qualification cycles are particularly lengthy in higher-end applications such as automotive electronics, AI servers and data storage, while switching suppliers can be costly and time-consuming, supporting relatively stable customer relationships for qualified suppliers.
- ***Mass-production and quality-stability barriers***. Higher-end PCB suppliers must not only develop qualified samples but also maintain consistent yields, quality, traceability and delivery in mass production, requiring robust process control, automated inspection and continuous improvement.

SOURCE AND RELIABILITY OF INFORMATION

This section contains information extracted from the F&S Report, which we commissioned Frost & Sullivan to provide readers with a better understanding of the industry. Frost & Sullivan is an independent global consulting firm that provides market research and other services across a range of industries. We have agreed to pay Frost & Sullivan a total fee of RMB500,000 for the commissioned work, which we believe is consistent with market rates and does not impair the objectivity of the conclusions set out in the F&S Report. In preparing the F&S Report, Frost & Sullivan conducted primary research through interviews with leading industry participants and experts and secondary research through reviews of company reports, independent research reports and data from its proprietary research database. Frost & Sullivan also assumed that the economy of Chinese Mainland will maintain steady growth and that its social, economic and political environment will remain stable during the forecast period.

PRC REGULATORY OVERVIEW

All of the Company's business operations in the PRC are subject to applicable PRC laws, administrative regulations, departmental rules and other regulatory documents. This section describes an overview of the principal laws, regulations and policies applicable to the Company.

Regulations on Printed Circuit Board Industry

According to the Standard Conditions for the Printed Circuit Board Industry (《印製電路板行業規範條件》) (the "**Standard Conditions**") and Interim Measures for the Administration of Announcement of Standard of Printed Circuit Board Industry (《印製電路板行業規範公告管理暫行辦法》) promulgated by the MIIT on December 28, 2018 and implemented on February 1, 2019, the MIIT is responsible for the administration of industry standard announcements for PCB. PCB enterprises on the announcement list shall conduct their production and business operations in accordance with the requirements of the Standard Conditions, covering aspects such as industrial layout and project construction, production scale and process technology, quality management, intelligent manufacturing, green manufacturing, energy and land conservation, comprehensive resource utilization and environmental protection, work safety and occupational health and social responsibility, and shall conduct self-inspections in accordance with the requirements of the Standard Conditions.

According to the Adjustment of Industrial Structure Guidance Catalog (2024 version) (《產業結構調整指導目錄(2024年本)》) promulgated by NDRC on December 27,2023, and implemented on February 1, 2024, which is composed of three categories: encouraged, restricted, and eliminated. The Encouraged Category primarily includes technologies, equipment, and products that significantly promote economic and social development. The high-density interconnect substrates, single-layer, double-layer, and multilayer flexible boards, rigid-flex PCBs and IC substrates, high-density fine-line flexible circuit boards (line width/spacing ≤ 0.05 mm), high-frequency microwave PCBs, high-speed communication circuit boards and flexible circuit boards are classified as the information industry and belong to the encouraged category.

Regulations on Corporation and Foreign Investment

According to the PRC Company Law promulgated by the NPC Standing Committee on December 29, 1993, last revised on December 29, 2023 and implemented on July 1, 2024, limited liability companies and joint-stock limited companies established within the territory of the PRC are subject to the PRC Company Law. Unless otherwise specified by the law on foreign investment, foreign-invested enterprises are also governed by the PRC Company Law.

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the NPC on March 15, 2019 and implemented on January 1, 2020, foreign investment refers to investment activities carried out directly or indirectly within the territory of the PRC by foreign natural persons, enterprises, or other organizations (the foreign investors), including the following situations: (1) a foreign investor establishing foreign-invested enterprises in the PRC individually or jointly with other investor; (2) a foreign investor acquiring shares, equity interests, property shares, or other similar rights and interests in enterprises within the territory of the PRC; (3) a foreign investor investing in and establishing new projects in the PRC individually or jointly with other investor; and (4) other forms of investment as stipulated by laws, administrative regulations, or the State Council. The Foreign Investment Law further implements the pre-establishment national treatment plus negative list management system for foreign investment. Pre-establishment national treatment means granting foreign investors and their investments no less favorable treatment than that granted to domestic investors and their investments at the investment admission stage. The negative list refers to the special access management measures imposed by the state on foreign investment in specific fields. The Foreign Investment Law grants national treatment to foreign investment outside the negative list. The negative list is promulgated or approved for promulgation by the State Council.

According to the Regulations for the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and implemented on January 1, 2020, the state encourages and promotes foreign investment, protects the legitimate rights and interests of foreign investors, regulates the management of foreign investment, continuously optimizes the foreign investment environment, and promotes a higher level of opening up.

According to the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》) jointly promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019, which became effective on January 1, 2020, the establishment of the foreign invested enterprises by foreign investors and establishment through purchasing the equities of a non-foreign invested enterprise and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and implemented on January 18, 2021, foreign investors or relevant parties in the PRC must submit a review application to the office of the working mechanism before making the following investments: (i) investing in fields related to national defense security, such as military industry and military industry support, as well as investing in areas surrounding military facilities and military industry facilities; and (ii) investing in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important fields that involve national security, and acquiring control over the target enterprise.

On December 15, 2025, the MOFCOM and the NDRC released the Encouraged Industry Catalogue for Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》), which became effective on February 1, 2026, and stipulates that high-density interconnect laminates, single-layer, double-layer and multilayer flexible boards, rigid-flex PCBs, high-density and fine-line (line width/line spacing $\leq$ 0.05 mm) flexible circuit boards and IC packaging substrates fall under the national encouraged industry catalogue for foreign investment.

On September 6, 2024, the MOFCOM and the NDRC released the Special Administrative Measures for Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List 2024**"), which became effective on November 1, 2024. Any industry not listed on the Negative List 2024 is a permitted industry and generally accessible to foreign investment unless specifically prohibited or restricted by any PRC laws or regulations. Our principal business operations do not fall under the "restricted" category or the "prohibited" category under the Negative List 2024.

Regulations on Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the NPC Standing Committee on February 22, 1993, and revised and implemented on December 29, 2018, producers and sellers shall establish and improve internal product quality management systems, strictly implementing job-specific quality standards, quality responsibilities, and corresponding assessment methods. It is prohibited to forge or counterfeit quality marks such as certification marks; it is prohibited to forge the origin of products or counterfeit or use the factory names and addresses of others; it is prohibited to adulterate or falsify products during production or sales, pass off fake goods as genuine, or pass off inferior goods as superior ones.

Regulations on Import and Export

According to the Customs Law of the PRC (《中華人民共和國海關法》), issued by the NPC Standing Committee on January 22, 1987, and last amended and put into effect on April 29, 2021, the inbound and outbound means of transport, goods and articles must enter or leave the territory at places where there is a customs office. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the Customs in accordance with the law. The Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collecting customs duties and other taxes and fees, and preventing and countering smuggling, and compiles customs statistics and handles other customs businesses. The consignees for imported goods and the consignors for export goods shall truthfully declare to the Customs, and submit import and export licenses and relevant documents for examination.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) issued by the NPC Standing Committee on May 12, 1994, latest amended on December 27, 2025 and implemented on March 1, 2026, foreign trade operators shall submit documents and information related to their foreign trade operations to the relevant departments in accordance with the provisions made by the competent foreign trade department of the State Council or other relevant departments of the State Council in accordance with law. The competent foreign trade department of the State Council may, on the basis of the need to monitor the import and export situation, apply automatic import and export licenses to certain goods that can be imported or exported freely and publish the catalogs thereof.

According to the Regulations of the People's Republic of China on Customs Declaration Entity Registration Management (《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, consignees and consignors of imported and exported goods and customs declaration enterprises that apply for record-filing shall obtain the qualification of market entities.

Regulations on Foreign Exchange

According to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》), promulgated by the State Council on January 29, 1996 and last revised and implemented on August 5, 2008, there are no restrictions on international payments and transfers of foreign currencies (such as the payment of dividends or interest) under the current account. Foreign currency transactions in capital accounts, such as direct investments and capital injections, are still restricted and subject to approval or registration by the SAFE and other relevant PRC government authorities.

According to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Related to Overseas Listings of Domestic Enterprises (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), promulgated by the PBOC and SAFE on December 24, 2025, which came into effect on April 1, 2026, PBOC, SAFE and their branches shall supervise, manage, and inspect the business registration, account opening and use, cross-border receipts and payments, fund remittance and exchange and other conducts related to the overseas listing of domestic enterprises. Domestic enterprises seeking overseas listing shall, within 30 working days from the first trading day of overseas listing or the completion of the over-allotment option, apply for overseas listing registration at a bank within the provincial-level regions or cities with independent planning status where they are registered.

According to the Notice on Optimizing Foreign Exchange Management to Support Foreign-related Business Development (《關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE and effective on April 10, 2020, with certain provisions effective on June 1, 2020, on the premise of ensuring that the use of funds is truly compliant and in accordance with the current management regulations on the use of income from capital accounts, eligible enterprises are allowed to use capital account income, such as capital funds, foreign debts and overseas listings, for domestic payments without having to provide proof of authenticity to the bank in advance, one by one. The handling bank shall conduct spot checks after the event according to relevant requirements.

According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), promulgated by SAFE and implemented on December 4, 2023, foreign exchange funds raised from overseas listings by domestic enterprises may be directly remitted to capital account settlement accounts, and funds in capital account settlement accounts may be freely converted and used.

According to the Capital Account Foreign Exchange Operational Guidelines (2024 version) (《資本項目外匯業務指引(2024年版)》), promulgated by the SAFE on April 3, 2024 and implemented on May 6, 2024, the funds raised by the domestic companies through overseas listing shall be repatriated to the PRC in principle and may be in RMB or foreign currency.

Regulations on Labor and Employment

Labor Law and Labor Contracts

According to the Labor Law of the PRC (《中華人民共和國勞動法》), issued by the NPC Standing Committee on July 5, 1994, and last revised and implemented on December 29, 2018, the employer shall establish and improve the rules and regulations in accordance with the law to protect employees' enjoyment of labor rights and fulfillment of labor obligations. The employer shall establish and improve the labor safety and health system, strictly implement national labor safety and health regulations and standards, educate employees on labor safety and health, prevent accidents in the labor process, and reduce occupational hazards.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), issued by the NPC Standing Committee on June 29, 2007, last amended on December 28, 2012 and implemented on July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), issued and implemented by the State Council on September 18, 2008, stipulate the rights and obligations of the parties to an employment contract, including matters relating to the conclusion, performance and termination of the employment contract. The employer shall conclude a written labor contract with the employees and pay them labor remuneration in a timely manner and in full in accordance with the labor contract and state regulations. The employer may terminate the labor contract with the worker under certain circumstances and pay economic compensation to the worker in accordance with the law.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) issued by the NPC Standing Committee on October 28, 2010, and last revised and implemented on December 29, 2018, the employer shall register for social insurance with the local social insurance agency and pay social insurance premiums for the employees, including basic endowment insurance premiums, basic medical insurance premiums, work injury insurance premiums, unemployment insurance premiums and maternity insurance premiums. If the employer fails to pay social insurance premiums in full and on time, the social insurance levying and collecting agency shall order the payment or make-up of the premiums within a time limit, and impose an overdue fine of 0.05% per day from the date of the overdue payment. In case of failure to pay within the time limit, the relevant administrative department shall impose a fine not less than one time but not more than three times the amount in arrears.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), promulgated by the Supreme People's Court on July 31, 2025 and became effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people's court shall determine that such agreement or promise is invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item (3) of Article 38 of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the people's court shall uphold such claim.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), issued by the State Council on April 3, 1999 and last amended on August 10, 2026 and became effective on September 20, 2026, employers shall register with the competent housing provident fund management center and deposit the housing provident fund for their employees. The payment and deposit ratio of housing provident fund of a worker and staff as well as a unit shall be not less than 5% of the monthly average salary in the last year. Where a unit is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Regulations on Land and Real Estate

Land Assignment

According to the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), promulgated by the State Council on May 19, 1990 and amended and implemented on November 29, 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user must pay land premium to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage or otherwise exploit the land for economic activities within the term of use. Under such Regulations and the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the NPC Standing Committee on July 5, 1994, last amended on August 26, 2019 and implemented on January 1, 2020, the local land administration authority shall enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights.

Construction

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) which was promulgated by the NPC Standing Committee with effect from January 1, 2008 and recently amended with immediate effect on April 23, 2019, the Construction Law of the PRC (《中華人民共和國建築法》)which was promulgated by the NPC Standing Committee with effect from March 1, 1998 and recently amended with immediate effect on April 23, 2019, the Measures for Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on June 25, 2014 and recently amended with immediate effect on March 30, 2021, and the Regulation on Quality Management of Construction Projects (《建設工程質量管理條例》) which was promulgated on January 30, 2000 and amended with immediate effect on April 23, 2019, for construction activities within statutory planning areas, the construction entity must obtain the Land Use Planning Permit and the Construction Project Planning Permit from the county-level urban-rural planning authority, as well as the Construction Permit from the municipal or county-level housing authority, before commencing construction. Upon completion, the entity shall organize the design, construction, supervision, and other relevant entities to carry out the acceptance inspection.

Regulations on Environmental Protection and Production Safety

Environmental Protection

The NPC promulgated the Ecological Environment Code of the PRC (《中華人民共和國生態環境法典》) on March 12, 2026, which came into effect on August 15, 2026. As a comprehensive and fundamental legal framework for ecological and environmental protection, the Ecological Environment Code systematically integrates existing environmental laws and consists of five parts: general provisions, pollution prevention and control, ecological protection, green and low-carbon development, and legal liabilities and supplementary provisions. It strengthens the legal mechanisms for environmental impact assessments, pollution control, and the promotion of green and low-carbon transformation.

According to the Ecological Environment Code of the PRC, enterprises that discharge pollutants shall establish systems of responsibility for pollution prevention and control, and clarify the responsibilities of the persons in charge of the entities and of relevant personnel. Construction projects shall undergo ecological and environmental impact assessment (the "**EIA**") accordingly. Projects with significant ecological and environmental impact shall prepare an EIA report; those with less severe impact shall prepare an EIA form; those with minor impact need only complete a registration form, which is subject to record-filing without formal EIA approval.

Production Safety

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

Fire Safety

According to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the NPC Standing Committee on April 29, 1998, and became effective on September 1, 1998, and was last amended on April 29, 2021, and became effective on the same date and the Interim Regulations on Fire Protection Design Review and Acceptance Management of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) first promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, and last amended on August 21, 2023, and became effective on October 30, 2023, for construction projects that are required to undergo fire safety acceptance inspections as stipulated by the State Council's housing and urban-rural development authorities, the construction entity must apply for a fire safety acceptance inspection with the housing and urban-rural development authorities. For other construction projects not specified in the previous provision, the construction entity must report to the housing and urban-rural development authorities for filing after the acceptance inspection. Construction projects that are legally required to undergo a fire safety acceptance inspection must not be put into use if they have not undergone such an inspection or if they fail the inspection.

Regulations on Foreign Direct Investment

According to the Measures for Administration of Overseas Investments by Enterprises (《企業境外投資管理辦法》), promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, when conducting overseas investment, enterprises within the territory of the PRC (the "**Investment Entities**") shall fulfill procedures such as approval and filing for overseas investment projects ("**projects**"), report relevant information, and cooperate with supervision and inspection. The scope of projects subject to approval management is sensitive projects directly undertaken by investment entities or through their controlled overseas enterprises; the scope of projects subject to filing management is non-sensitive projects directly undertaken by investment entities, that is, non-sensitive projects involving the direct investment of assets, equity, or the provision of financing or guarantees by investment entities. The aforementioned "sensitive projects" refer to projects involving sensitive countries and regions or sensitive industries. The NDRC promulgated the Catalog of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), which has been in effect since March 1, 2018, detailing the current sensitive industries.

According to the Measures for Administration of Overseas Investments (《境外投資管理辦法》), promulgated by the MOFCOM on March 16, 2009, revised on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial-level commerce authorities implement filing and approval management separately based on different circumstances of enterprises' overseas investments. Approval management shall be implemented for overseas investments involving any sensitive countries and regions or any sensitive industries. Filing management shall be implemented for other circumstances of overseas investments.

On February 13, 2015, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), canceling the approval of foreign exchange registration for direct investment. Banks directly review and handle foreign exchange registration for overseas direct investment. The SAFE and its branches implement indirect supervision over foreign exchange registration for overseas direct investment through banks.

Pursuant to the Provisions of the State Council on Outbound Investment (《國務院關於對外投資的規定》), promulgated by the State Council on May 5, 2026 and effective from July 1, 2026, PRC investors shall complete the requisite approval, filing, information reporting, cross-border capital registration or other formalities in accordance with applicable PRC laws and regulations when conducting outbound investment activities.

Regulations on Intellectual Property Rights

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the NPC Standing Committee on March 12, 1984, last amended on October 17, 2020 and implemented on June 1, 2021 and the Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and implemented on January 20, 2024, the entity to which the inventor, the designer or the inventor of a service invention belongs may apply for granting a patent for invention, a utility model patent or a design patent. The transfer of patent application right or patent right is effective from the date of registration. The patent for invention is valid for 20 years, the patent for utility model is valid for 10 years, and the patent for design is valid for 15 years, all calculated from the date of patent application.

Trademark

According to the Trademark Law of the PRC (2019 Amendment) (《中華人民共和國商標法》) promulgated by the NPC Standing Committee on August 23, 1982, last amended on April 23, 2019 and implemented on November 1, 2019, and the Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014 and implemented on May 1, 2014, registered trademarks are protected by the Trademark Law and related rules and regulations. The trademark is registered with the Trademark Office under China National Intellectual Property Administration. The registered trademark is valid for 10 years. When it is necessary to continue using the registered trademark upon expiration of period of validity, an application for renewal shall be made within twelve months before the expiration. If such an application cannot be filed within that period, an extension period of six months may be granted. The validity period of each renewal of registration is ten years, starting on the date of expiration of the previous validity period of the trademark. Where the renewal procedure has not been completed at the expiration of the time limit, the registered trademark shall be deregistered. On June 26, 2026 the NPC Standing Committee revised and adopted the Trademark Law of the PRC, which will come into effect on January 1, 2027.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the NPC Standing Committee on September 7, 1990, last amended on November 11, 2020 and implemented on June 1, 2021, and the Regulations for Implementation of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on May 30, 1991, last amended on January 30, 2013 and implemented on March 1, 2013, the works of PRC citizens, legal persons or unincorporated organizations, including written works, computer software, and other ingenious intellectual achievements in the fields of literature, art and science that can be presented in a certain form, regardless of whether they are published or not, shall be entitled to copyright. The period of protection for the right of publication of the works of a legal person or an unincorporated organization, and the copyright (except for the right of authorship) of a work of office enjoyed by a legal person or an unincorporated organization shall be fifty years, ending on December 31st of the fiftieth year after the completion of the creation of the work, and the rights of reproduction, distribution, rental, exhibition, performance, projection, broadcasting, information network transmission, cinematographic rights, the rights of adaptation, translation, compilation, and other rights which shall be enjoyed by the copyright owner shall be fifty years, ending on December 31st of the fiftieth year after the work is first published, but the work shall no longer be protected if it has not been published within fifty years since its creation.

According to the Regulations on Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, last revised on January 30, 2013 and implemented on March 1, 2013, for the software developed by PRC citizens, legal persons or other organizations, regardless of whether it has been published or not, the owners enjoy the copyright. Software copyright shall come into being as at the date of completion of software development. The term of protection of the software copyright of a legal person or any other organization shall be 50 years, expiring on December 31 of the 50th year after the first publication of the software, but the software shall no longer be protected if it has not been published within fifty years since its creation.

Domain Name

According to the Internet Domain Name Management Measures (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017, and implemented on November 1, 2017, the MIIT is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

Regulations on Internet Information Security and Privacy Protection

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), promulgated by the NPC Standing Committee on November 7, 2016, amended on October 28, 2025 and implemented on January 1, 2026, when constructing, operating networks, or providing services through networks, technical measures and other necessary measures shall be taken in accordance with the provisions of laws, administrative regulations, and the mandatory requirements of national standards to ensure cybersecurity, stable operation, effective response to cybersecurity incidents, prevention of cyber illegal and criminal activities, and maintenance of the integrity, confidentiality, and availability of network data.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》), promulgated by the NPC Standing Committee on June 10, 2021 and implemented on September 1, 2021, the state establishes a data classification and graded protection system, implementing data classification and graded protection based on factors such as the importance of data in economic and social development. When conducting data processing activities, entities shall, in accordance with laws and regulations, establish and improve a full-process data security management system, organize data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security.

Regulations on Taxation

Enterprise Income Tax

According to the EIT Law issued by the NPC on March 16, 2007 and last revised and implemented on December 29, 2018, and the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, last revised on December 6, 2024 and implemented on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Chinese resident enterprises are required to pay enterprise income tax at a rate of 25%. Qualified small-sized enterprises with thin profit are subject to a reduced enterprise income tax rate of 20%. The enterprise income tax on important high- and new-tech enterprises that are necessary to be supported by state shall be levied at the reduced tax rate of 15%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was last amended by the MOF and the STA on January 29, 2016 and effective from January 1, 2016, an enterprise recognized as a high and new technology enterprise is subject to a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

Value-added Tax

According to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), promulgated by the NPC Standing Committee on December 25, 2024 and implemented on January 1, 2026, all entities and individuals (including privately or individually-owned business) that sell goods, services, intangible assets, immovables, and import goods in the PRC shall be taxpayers of value-added tax and shall pay value-added tax. Unless otherwise provided, the tax rate for the sales of goods, processing, repair and maintenance services, leasing services of tangible movables and import goods (except for particular categories specified by law) is 13%; the tax rate for the sales of transportation, postal, basic telecommunications, construction, immovables leasing services, sales of immovables, transfer of land use rights, and sales or imports of goods prescribed by law is 9%; the tax rate for the sales of services and intangible assets is 6%.

According to the Announcement on the Additional Deduction Policy for Value-Added Tax of Advanced Manufacturing Enterprises (《財政部、稅務總局關於先進製造業企業增值稅加計抵減政策的公告》) issued by the MOF and the STA on September 3, 2023, which took effect on January 1,2023, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct an additional 5% of the deductible input value-added tax from their payable value-added tax amount.

Tax on Dividends

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), promulgated by the NPC Standing Committee on September 10, 1980, revised on August 31, 2018 and implemented on January 1, 2019, and the Regulations on the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), promulgated by the State Council on January 28, 1994, revised on December 18, 2018 and implemented on January 1, 2019, dividends distributed by PRC enterprises shall be subject to individual income tax at a unified rate of 20%. Foreign individuals who are non-residents of the PRC and receive dividends from PRC enterprises shall generally be subject to individual income tax at a rate of 20%, unless otherwise stipulated by the financial and taxation authorities of the State Council.

According to the EIT Law and the Regulations on the Implementation of the EIT Law, the enterprise income tax rate is 25%. Non-resident enterprises that do not establish institutions or establishments within the territory of the PRC, or that have established institutions or establishments but the income derived therefrom has no actual connection with such institutions or establishments, shall pay enterprise income tax on their income derived from sources within the territory of the PRC at a rate of 10%. For the aforementioned enterprise income tax payable by non-resident enterprises, withholding at source shall be implemented, with the payer serving as the withholding agent. The tax shall be withheld by the withholding agent from the payment or the amount payable when due each time a payment is made or when it becomes due.

According to the Announcement on Matters Relating to the Individual Income Tax Policy on Dividend and Bonus Income of Foreign Individuals (《財政部稅務總局關於外籍個人股息紅利個人所得稅政策有關事項的公告》) issued by the MOF and the STA on September 1, 2026, which took effect on the same date, dividend and bonus income gained by foreign individuals from foreign-invested enterprises is expressly subject to individual income tax under the category of "interest, dividend and bonus income" at a rate of 20%. Foreign-invested enterprises are required to withhold such individual income tax when paying dividend or bonus to foreign individuals.

According to the Circular of the State Administration of Taxation on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), promulgated by the STA and implemented on November 6, 2008, when PRC resident enterprises distribute dividends for the year 2008 and subsequent years to non-resident enterprise shareholders holding H shares outside the territory of the PRC, they shall uniformly withhold and pay enterprise income tax at a rate of 10%.

According to the Arrangement between the Chinese mainland 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》), signed by the STA and the Government of the Hong Kong Special Administrative Region on August 21, 2006 and became effective on December 8, 2006, the Chinese mainland government may impose tax on dividends paid by PRC resident enterprises to Hong Kong residents (including natural persons and legal entities), but such tax shall not exceed 10% of the gross amount of the dividends payable by the PRC resident enterprises, unless the relevant Hong Kong resident directly holds 25% or more of the equity in a PRC resident enterprise, in which case the tax shall not exceed 5% of the gross amount of the dividends payable by the PRC resident enterprise.

Regulations on Securities and Filing for Overseas Listing

According to the PRC Securities Law, promulgated by the NPC Standing Committee on December 29, 1998, last revised on December 28, 2019 and implemented on March 1, 2020, domestic enterprises that directly or indirectly issue securities overseas or list their securities overseas shall comply with the relevant provisions of the State Council.

For domestic companies whose shares are subscribed for and traded in foreign currencies, specific measures shall be separately stipulated by the State Council. The CSRC is a securities regulatory institution established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the lawful operation of the market. Currently, the overseas issuance of securities and listing of enterprises within the territory of the PRC are mainly regulated by regulations and normative documents promulgated by the State Council and the CSRC.

According to the Overseas Listing Trial Measures and supporting guidelines, promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas must file with the CSRC within three working days after submitting listing application documents to the relevant regulatory authorities of the intended listing venue. Enterprises that fail to complete the filing in accordance with the overseas listing regulations or conceal any material facts or fabricate any material false content in the filing documents may be subject to administrative penalties such as orders to make corrections, warnings and fines. Their controlling shareholders, actual controllers, directly responsible supervisors, and other directly responsible personnel may also be subject to administrative penalties such as warnings and fines. Under any of the following circumstances, domestic enterprises shall not conduct overseas issuance and listing: (i) listing for financing is explicitly prohibited by laws, administrative regulations, or relevant state provisions; (ii) upon review and determination by the relevant competent authorities of the State Council in accordance with the law, overseas issuance and listing may endanger national security; (iii) the domestic enterprise or its controlling shareholders or actual controllers have been involved in criminal offenses such as corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order within the past three years; (iv) the domestic enterprise is under investigation by law for suspected crimes or major violations of laws and regulations, and no clear conclusion has yet been reached; or (v) there are major ownership disputes over the equity held by the controlling shareholders or shareholders controlled by the controlling shareholders or actual controllers.

According to the Provisions on Strengthening the Confidentiality and Archive Management Related to Overseas Issuance of Securities 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》), promulgated by the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of the PRC on February 24, 2023 and implemented on March 31, 2023, domestic enterprises shall establish confidentiality and archive systems when issuing and listing securities in overseas markets. Domestic enterprises include domestic joint-stock limited companies that directly issue and list securities overseas and domestic operating entities of indirect overseas issuance and listing entities.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THAILAND

1. Corporate Law and Foreign Investment

Private limited companies incorporated in Thailand are principally governed by the Civil and Commercial Code of Thailand (the "**CCC**"). The CCC regulates, among other matters, the incorporation and legal personality of companies, share capital, issuance and transfer of shares, appointment and authority of directors, shareholders' meetings, dividend distributions, statutory corporate records, financial statements and dissolution. Corporate registrations and filings of private limited companies are principally administered by the Department of Business Development of the Ministry of Commerce (the "**DBD**").

A company incorporated under Thai law has a legal personality separate from that of its shareholders and may acquire assets, incur liabilities and enter into transactions in its own name, subject to Thai law and its registered corporate objectives. Changes to certain registered corporate particulars, including registered capital, directors, authorised signatories, registered office and corporate objectives, are generally required to be registered with the DBD in accordance with applicable statutory procedures.

Foreign participation in businesses conducted in Thailand is principally regulated by the Foreign Business Act B.E. 2542 (1999) (the "**FBA**"). For the purposes of the FBA, a company incorporated in Thailand is generally regarded as a "foreigner" where one-half or more of its capital is held by foreign individuals or foreign juristic persons.

The FBA divides restricted businesses into three categories. List One covers businesses which foreigners are generally prohibited from conducting. List Two covers businesses in which foreign participation is subject to statutory ownership conditions and governmental approval. List Three covers businesses in which Thai nationals are considered not yet ready to compete with foreigners and which, subject to applicable statutory exemptions, generally require a Foreign Business Licence before being conducted by a foreigner.

Manufacturing activities are generally not restricted merely by reason of foreign ownership. However, ancillary activities, including certain service, wholesale, retail, brokerage, agency and other commercial activities, may independently fall within the restricted businesses under the FBA. Whether a particular activity is restricted is therefore determined principally by reference to the substance of the business actually conducted.

Where an applicable statutory exemption or alternative approval mechanism is available, including in certain circumstances involving activities promoted under Thailand's investment promotion regime, a foreign-owned entity may be entitled to conduct a restricted activity through an alternative authorisation process, including obtaining a Foreign Business Certificate, instead of applying for an ordinary Foreign Business Licence.

2. Investment Promotion and Land Ownership

Investment promotion in Thailand is principally governed by the Investment Promotion Act B.E. 2520 (1977), as amended (the "**Investment Promotion Act**"), and administered by the Board of Investment of Thailand (the "**BOI**").

The BOI is authorised to grant qualifying investment projects tax and non-tax incentives according to the nature, location, scale and other characteristics of the relevant project. Such incentives may include corporate income tax exemptions or reductions, exemptions or reductions of import duties on qualifying machinery and raw materials, permission to bring foreign skilled workers and experts into Thailand, privileges relating to the use and remittance of foreign currency and, subject to applicable conditions, permission to own land for purposes connected with the promoted activities.

Investment promotion is project-specific. An enterprise receiving BOI promotion is required to conduct the promoted activity within the scope and subject to the conditions prescribed in its investment promotion certificate and applicable BOI rules. Such conditions may relate to, among other matters, minimum investment, machinery, production processes, commencement of operations, environmental protection, product standards, employment of skilled personnel and periodic reporting. Failure to comply with material promotion conditions may result in the suspension, amendment or withdrawal of the relevant investment privileges.

The ownership of land by foreigners is separately regulated by the Land Code. As a general rule, foreign persons and entities treated as foreign for the purposes of the applicable land ownership rules are restricted from acquiring land in Thailand unless a statutory exception applies.

Section 27 of the Investment Promotion Act provides an important exception to the general restrictions on foreign land ownership. Subject to BOI approval and applicable conditions, a promoted entity may be permitted to own land to the extent considered appropriate for carrying on its promoted activities. Land acquired pursuant to such privilege is required to continue to be used in accordance with the purposes and conditions for which the BOI approval was granted.

3. Factory, Building, Environmental and Hazardous Substance Regulation

Industrial manufacturing activities in Thailand are principally regulated by the Factory Act B.E. 2535 (1992), as amended, together with its subordinate legislation. The principal governmental authorities responsible for the administration and enforcement of factory regulation include the Department of Industrial Works and the competent provincial industrial authorities.

Depending on the nature, scale, machinery and production characteristics of a manufacturing operation, the relevant operator may be subject to notification, registration or factory licensing requirements. A factory subject to licensing requirements must obtain and maintain the applicable authorisation and operate within the scope permitted by such authorisation.

Factory operators are subject to regulatory requirements relating to machinery, manufacturing processes, factory premises, industrial safety, emissions, wastewater, pollution control and industrial waste management. Certain expansions, substantial additions or modifications to machinery, increases in production capacity or material changes to manufacturing processes may require prior notification to, or approval from, the relevant governmental authority.

The construction, alteration and use of industrial buildings are principally regulated under the Building Control Act B.E. 2522 (1979) and applicable subordinate legislation. Depending on the category of building and the nature of the construction works, construction, modification, demolition or change of use may require permits, notifications or certifications issued by the competent local authority. Certain controlled buildings may also require completion or use certification before they may lawfully be occupied or used for the relevant purpose.

Environmental protection is principally regulated under the Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992), the Factory Act and applicable subordinate environmental legislation. Industrial operators may be subject to requirements relating to wastewater discharge, air emissions, noise, pollution prevention, environmental monitoring and the storage, transportation and disposal of industrial waste. Depending on the nature and scale of a project, an environmental impact assessment or other environmental approval may also be required.

The manufacture, import, export, possession, storage and use of substances classified as hazardous substances are regulated under the Hazardous Substance Act B.E. 2535 (1992). Regulatory requirements vary according to the statutory classification of the relevant substance and may include notification, registration, licensing, storage, labelling, handling and reporting requirements.

4. Taxation and Foreign Exchange

Taxation in Thailand is principally governed by the Revenue Code and subordinate legislation administered by the Revenue Department. The principal taxes relevant to ordinary corporate operations include corporate income tax, value added tax and withholding income tax.

Corporate Income Tax

Companies incorporated under Thai law are generally subject to corporate income tax on their net taxable profits. The standard corporate income tax rate is currently 20% of net taxable profits, subject to specific exemptions, reduced rates or investment incentives applicable to particular taxpayers or activities.

Taxable profit is generally determined by reference to accounting profit and adjusted in accordance with the Revenue Code, including rules governing taxable income, deductible and non-deductible expenses, depreciation, bad debts, losses and other prescribed tax adjustments.

Companies are generally required to file an annual corporate income tax return and, where applicable, a half-year corporate income tax return. BOI-promoted projects may qualify for corporate income tax exemptions or reductions to the extent granted under the relevant investment promotion approval, while income falling outside the promoted scope remains subject to the ordinary tax regime.

Value Added Tax

Value added tax ("**VAT**") applies principally to the supply of goods and services in Thailand and to the importation of goods, subject to statutory exemptions. A person or entity regularly supplying goods or services in Thailand whose annual turnover exceeds the statutory registration threshold is generally required to register for VAT.

The current general VAT rate is 7%. Certain transactions, including qualifying exports of goods, may be subject to VAT at a zero rate.

VAT-registered businesses are generally required to issue prescribed tax invoices, maintain VAT records and submit VAT returns for each tax month. Input VAT incurred in connection with taxable business activities may, subject to applicable statutory conditions and restrictions, generally be credited against output VAT.

Withholding Income Tax

The Revenue Code imposes withholding tax obligations on specified categories of payments. Depending on the nature of the payment and the status and residence of the recipient, a payer may be required to deduct tax at source and remit such tax to the Revenue Department.

Withholding tax requirements commonly apply to, among other payments, salaries and employment income, service and professional fees, interest, royalties and dividends. Payments to non-residents may also be subject to Thai withholding tax depending on the nature of the Thai-source income and the application of any relevant double taxation agreement.

Dividends paid by a Thai company to a foreign company not carrying on business in Thailand are generally subject to withholding tax at 10%, subject to the Revenue Code and any applicable double taxation agreement.

Foreign Exchange and Repatriation of Funds

Foreign exchange transactions are principally governed by the Exchange Control Act B.E. 2485 (1942), applicable ministerial regulations and notifications, and the foreign exchange regulations administered by the Bank of Thailand (the "**BOT**").

Under the existing exchange control framework, foreign currencies or Thai baht may generally be transferred or brought into Thailand without a general quantitative limitation. Non-residents are generally permitted to transfer funds into Thailand for direct investment, and the repatriation of foreign investment is generally permitted subject to applicable foreign exchange requirements.

Payments abroad in respect of lawful obligations, including dividends, profits, interest and service fees, are generally permitted subject to the amount and nature of the underlying obligation and applicable documentary requirements. Repayment by a Thai resident of a bona fide loan obtained from abroad is also generally permitted.

Foreign exchange conversions and cross-border remittances are generally required to be effected through an authorised bank or another appropriately licensed foreign exchange service provider. The relevant financial institution may require supporting documents evidencing the underlying transaction and is responsible for implementing applicable foreign exchange reporting, customer due diligence and other regulatory requirements.

5. Industrial Product Standards and Product Safety

Industrial product standards in Thailand are principally governed by the Industrial Product Standards Act B.E. 2511 (1968) and administered by the Thai Industrial Standards Institute ("**TISI**").

Thai Industrial Standards may be established as either voluntary standards or mandatory standards. Where an industrial product is subject to a mandatory Thai Industrial Standard, the manufacture or importation of the relevant product is generally subject to the applicable TISI licensing and conformity assessment requirements. Manufacturers and importers of products subject to mandatory standards may also be required to comply with prescribed testing, labelling, certification and inspection requirements.

Whether a particular industrial product is subject to mandatory standards depends on the relevant product classification and the mandatory standards in force from time to time. Businesses engaged in the manufacture or import of industrial products are therefore required to determine whether their products fall within a category subject to mandatory TISI requirements and to obtain the relevant approvals where required.

Product-related liabilities may also arise under other applicable Thai legislation depending on the nature of the goods and the manner in which they are manufactured or supplied, including legislation relating to liability for unsafe products and consumer protection.

6. Employment, Social Security and Occupational Safety

Employment relationships in Thailand are principally governed by the Labour Protection Act B.E. 2541 (1998), as amended (the "**LPA**"). The LPA establishes statutory minimum employment standards relating to working hours, rest periods, weekly holidays, traditional holidays, leave, overtime, wages, termination of employment and statutory severance payments.

Employers reaching the statutory employee threshold are required to establish written work rules in the Thai language covering prescribed employment matters and to make such rules available to their employees. Employment terms which provide employees with rights or benefits below the statutory minimum requirements are generally unenforceable to that extent.

Labour relations, including employer-employee relations, employee organisations, collective bargaining and labour disputes, are principally regulated under the Labour Relations Act B.E. 2518 (1975).

Thailand's statutory social security regime is principally governed by the Social Security Act B.E. 2533 (1990) and administered by the Social Security Office (the "**SSO**"). Employers falling within the statutory requirements are required to register with the SSO, register eligible employees and remit prescribed employer and employee social security contributions within the applicable statutory periods.

Employment-related injury, sickness, disability or death arising out of or in the course of employment is separately regulated under the Workmen's Compensation Act B.E. 2537 (1994). Employers subject to the legislation are required to contribute to the Workmen's Compensation Fund in accordance with the applicable contribution assessment.

Workplace occupational safety is principally regulated under the Occupational Safety, Health and Environment Act B.E. 2554 (2011) and applicable ministerial regulations. Depending on the nature and size of the establishment, employers may be required to appoint safety officers, establish occupational safety personnel or committees, maintain prescribed safety management systems and comply with specific safety requirements relating to machinery, electricity, chemicals, fire prevention, occupational health and other workplace hazards.

7. Employment of Foreign Nationals

The employment of foreign nationals in Thailand is principally regulated by the Emergency Decree on Managing the Work of Aliens B.E. 2560 (2017), as amended (the "**Foreign Workers Decree**"), together with the Immigration Act B.E. 2522 (1979) and applicable subordinate legislation.

As a general rule, a foreign national is prohibited from working in Thailand unless the individual is legally entitled to undertake the relevant work and has obtained the required work authorisation, except where a statutory exemption applies. The term "work" is interpreted broadly under Thai foreign employment legislation and generally covers the engagement of a foreign national in an occupation or activity involving the use of physical strength or knowledge, whether or not remuneration is received.

Foreign nationals intending to work in Thailand are generally required to hold an appropriate immigration status and obtain the applicable work permit or other form of work authorisation before commencing work. The employer and foreign employee must ensure that the position, employer, workplace and scope of work are consistent with the terms of the applicable authorisation.

8. Intellectual Property

Intellectual property protection in Thailand is principally governed by the Trademark Act B.E. 2534 (1991), the Patent Act B.E. 2522 (1979), the Copyright Act B.E. 2537 (1994), the Trade Secrets Act B.E. 2545 (2002), together with their respective amendments and subordinate legislation.

Trademarks, patents, petty patents and certain other registrable intellectual property rights are administered principally by the Department of Intellectual Property of the Ministry of Commerce (the "**DIP**"). Registration generally confers statutory rights upon the registered proprietor in accordance with the applicable legislation.

Copyright protection arises in accordance with the Copyright Act without registration being a condition for the creation of copyright, subject to the requirements prescribed by law. Confidential technical, manufacturing or commercial information may also receive protection as trade secrets where the statutory requirements under the Trade Secrets Act are satisfied.

Businesses using intellectual property owned by third parties are required to obtain appropriate rights or licences where necessary. Unauthorised use of protected intellectual property may give rise to civil remedies and, in certain circumstances, criminal liability under the relevant intellectual property legislation.

9. Personal Data Protection

The collection, use and disclosure of personal data in Thailand are principally regulated by the Personal Data Protection Act B.E. 2562 (2019) (the "**PDPA**") and its subordinate regulations.

Under the PDPA, a data controller is generally required to process personal data on an appropriate lawful basis and to provide prescribed information to the relevant data subjects. Where consent is relied upon, such consent must satisfy the requirements prescribed under the PDPA.

Data controllers and data processors are also subject to obligations relating to appropriate security measures, data subject rights, retention and deletion of personal data, engagement of data processors, management of personal data breaches and, where applicable, cross-border transfers of personal data.

The PDPA also imposes additional requirements on the processing of certain categories of sensitive personal data. Non-compliance may result in administrative fines, civil liability and, in certain circumstances, criminal penalties.

OVERVIEW

Our history can be traced back to November 2015 when our Company was established in the PRC. Over the years of expansion and development under the steady leadership of Mr. Huang, the chairman of our Board, our executive Director and our general manager, we have become a globally established manufacturer of high-end PCBs and one of the leading automotive PCB suppliers in China. For details of Mr. Huang's background and industry experience, see "Directors and Senior Management" in this document.

On December 7, 2022, our Company was converted from a limited liability company into a joint stock limited company, with a registered capital of RMB384,529,321. In October 2025, our A Shares were listed on the Shanghai Stock Exchange under the stock code 603175. As of the Latest Practicable Date, the issued share capital of our Company was RMB437,029,321 comprising 437,029,321 A Shares of nominal value of RMB1.00 each.

OUR KEY MILESTONES

The following is a summary of our key business development milestones.

Year	Event
2015	Our Company was established in Hubei, China.
	We established our automotive electronics PCB business division to better address the design, product development and logistics needs of our customers in the automotive industry.
2017	Our Huangshi P1 manufacturing plant officially commenced mass production, achieving full integration of enterprise resource planning, manufacturing execution system, statistical process control, equipment automation program and all machinery and equipment.
2022	Our Company was converted from a limited liability company into a joint stock limited company.
	Our Huangshi P2 manufacturing plant officially commenced mass production.
2023	According to a report by N.T. Information Ltd., our Company was among the top ten automotive electronics PCB suppliers globally and the top five automotive electronics PCB suppliers in China.
2024	Our Thailand P5 manufacturing plant officially commenced mass production, further enhancing our capabilities with regards to high-layer count PCBs.
2025	Our A Shares were listed on the Shanghai Stock Exchange (stock code: 603175).

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operations during the Track Record Period:

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to our Group	Principal business activities
Dynamic Kunshan	PRC	February 6, 2002	100%	Research, development, manufacturing and sales of PCB products
Dynamic Seychelles	Seychelles	October 3, 2014	100%	Sales of PCB products
Dynamic Thailand	Thailand	April 25, 2023	100%	Research, development, manufacturing and sales of PCB products

For further details of our Company's subsidiaries, see "—Corporate Structure" in this section and Note 1 of the Accountants' Report set out in Appendix I to this document. For changes in the registered capital of our subsidiaries, see "Appendix VI—Statutory and General Information—A. Further Information about Our Group—3. Changes in the Share Capital of Our Subsidiaries" to this document.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of our Company and Early Development

Our Company, then known as Dynamic Electronics (H.S.) Co., Ltd. (定穎電子(黃石)有限公司), was established in the PRC on November 6, 2015 as a limited liability company with an initial registered capital of US$50,000,000. Upon our establishment, our Company was wholly owned by DEH, which was in turn ultimately wholly owned by Dynamic Taoyuan. At the time, Dynamic Taoyuan was a company listed on the Taiwan Stock Exchange (stock code: 6251), and to the best knowledge of our Company, none of the shareholders of Dynamic Taoyuan held 30.00% or more of the equity interests therein.

Between our establishment and September 2022, our Company underwent several rounds of capital increases and capital reductions, following the completion of which our registered capital was US$58,250,000.

Conversion into a Joint Stock Company

On December 7, 2022, our Company was converted from a limited liability company into a joint stock limited company, with a registered capital of RMB384,529,321, which were subscribed by all of the then holders of equity interests in proportion to their respective equity interests in our Company. Immediately following our conversion into a joint stock limited company, the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Percentage of Shareholding
DEH(1)	376,277,619	97.85%
Beyond Expectation(2)	2,873,243	0.75%
Transcend Reputation(2)	2,619,797	0.68%
Huangshi Juying(2)	1,192,253	0.31%
Huangshi Juhong(2)	786,034	0.21%
Huangshi Jingzhun Manufacturing(2)	780,375	0.20%
Total	**384,529,321**	**100.00%**

Notes:

(1) At the time, DEH was ultimately wholly owned by Dynamic Holding, the shares of which were listed on the Taiwan Stock Exchange (stock code: 3715). To the best knowledge of our Company, none of the shareholders of Dynamic Holding held 30.00% or more of the equity interests therein.

(2) At the time, each of Beyond Expectation, Transcend Reputation, Huangshi Juying, Huangshi Juhong and Huangshi Jingzhun Manufacturing was an Employee Shareholding Platform. At the time, (i) save for Mr. Huang, who held 45.62% of the equity interests in Beyond Expectation, Lee Ying-Kuei (李英魁), one of our executive Directors, who held 5.74% of the equity interests in Beyond Expectation and Tsan Li-Jo (詹俐柔), our employee and a sibling of Mr. Huang's spouse, who held 0.41% of the equity interests in Beyond Expectation, the other 17 shareholders of Beyond Expectation were our employees and Independent Third Parties, and none of them held 30.00% or more of the equity interests therein; (ii) save for Mr. Huang, who held 45.00% of the equity interests in Transcend Reputation, Nee Jung (倪融), a previous director of Dynamic Thailand (resigned in May 2026), who held 8.10% of the equity interests in Transcend Reputation, and Chiu Chui-Ming (邱垂明), a previous Director (resigned in September 2026), who held 4.50% of the equity interests in Transcend Reputation, the other 16 shareholders of Transcend Reputation were our employees and Independent Third Parties, and none of them held 30.00% or more of the equity interests therein; (iii) the general partner of Huangshi Juying was Quan Huiyan (全惠燕), one of our employees and an Independent Third Party, who held 9.53% of the partnership interests therein, and none of the 37 limited partners of Huangshi Juying, who were our employees and Independent Third Parties, held 30.00% or more of the partnership interests therein; (iv) the general partner of Huangshi Juhong was He Junlan (賀君蘭), one of our executive Directors, who held 13.50% of the partnership interests therein, and none of the 29 limited partners of Huangshi Juhong, who were our employees and Independent Third Parties, held 30.00% or more of the partnership interests therein; and (v) the general partner of Huangshi Jingzhun Manufacturing was Huang Shuanglan (黃雙蘭), one of our employees and an Independent Third Party, who held 12.08% of the partnership interests therein, and save for Wei Chun (衛春), one of our employees and an Independent Third Party, who held 30.21% of the partnership interests therein as a limited partner, none of the other 26 limited partners of Huangshi Jingzhun Manufacturing, who were our employees and Independent Third Parties, held 30.00% or more of the partnership interests therein.

Listing on the Shanghai Stock Exchange

On October 24, 2025, our A Shares were listed on the Shanghai Stock Exchange under the stock code 603175 (the "**A-Share Listing**"). In connection with the A-Share Listing, we issued an aggregate of 52,500,000 A Shares, accounting for approximately 12.01% of our enlarged share capital immediately following the completion of the A-Share Listing. As part of the A-Share Listing, we conducted a strategic placing through which, among others, 3,512,880 A Shares (representing 0.80% of our enlarged share capital immediately following the completion of the A-Share Listing) were allocated to a collective asset management scheme managed and controlled by Guolian Securities Asset Management Co., Ltd. (國聯證券資產管理有限公司), a professional asset manager, which subscribed for such A Shares for the economic benefits of certain senior management members and key employees of our Group.

Immediately upon the completion of the A-Share Listing, our shareholding structure was as follows:

Shareholder	Number of Shares	Percentage of Shareholding
DEH[(1)]	376,277,619	86.10%
Other A Shareholders[(2)]	60,751,702	13.90%
Total	**437,029,321**	**100.00%**

Notes:

(1) At the time of our A-Share Listing, DEH was wholly owned by Wintek Mauritius, which was in turn wholly owned by Dynamic Taoyuan, which was in turn wholly owned by Dynamic Holding. Dynamic Holding was a company listed on the Taiwan Stock Exchange (stock code: 3715) and, to the best knowledge of our Company, at the time of our A-Share Listing, none of the shareholders of Dynamic Holding held 30.00% or more of the equity interests therein.

In connection with our A-Share Listing, DEH, Wintek Mauritius, Dynamic Taoyuan and Dynamic Holding each undertook, among others, that (i) the Shares directly or indirectly held by it prior to our A-Share Listing (the "**Locked-up Shares**") would be subject to a lock-up period of 36 months from our A-Share Listing, up to and including October 23, 2028, provided that (a) if our net profit attributable to our parent company after deducting non-recurring gains and losses in the second year after our A-Share Listing declines by more than 50% compared to that in the year prior to our A-Share Listing, the Locked-up Shares still held by it as disclosed in our annual report for the relevant year will be subject to an additional lock-up period of 12 months; and (b) if our net profit attributable to our parent company after deducting non-recurring gains and losses in the third year after our A-Share Listing declines by more than 50% compared to that in the year prior to our A-Share Listing, the Locked-up Shares still held by it as disclosed in our annual report for the relevant year will be subject to an additional lock-up period of 12 months. In addition, DEH, Wintek Mauritius, Dynamic Taoyuan and Dynamic Holding are subject to disposal restrictions pursuant to applicable PRC laws and regulations, as set out in their undertakings provided in connection with our A-Share Listing.

(2) Other A Shareholders represent all other Shareholders, each holding no more than 5% of our issued share capital upon the listing of our A Shares.

EMPLOYEE SHAREHOLDING PLATFORMS AND EMPLOYEE INCENTIVE PLANS

In recognition of the employees who contribute value and play a role in the development of our Group, the Employee Shareholding Platforms were established in connection with the 2022 Employee Incentive Scheme to enable eligible employees to indirectly hold equity interests in our Company. As of the Latest Practicable Date, the Employee Shareholding Platforms collectively held 8,251,702 A Shares, representing approximately 1.89% of the total issued share capital of our Company. Save for (i) Mr. Huang, who held (a) 66.09% of the equity interests in Beyond Expectation; (b) 48.97% of the equity interests in Transcend Reputation; (c) 19.46% of the partnership interests in Huangshi Juying; (d) 13.66% of the partnership interests in Huangshi Jingzhun Manufacturing; and (e) 12.42% of the partnership interests in Huangshi Juhong; (ii) Lee Ying-Kuei (李英魁), one of our executive Directors, who held 5.74% of the equity interests in Beyond Expectation; (iii) He Junlan (賀君蘭), one of our executive Directors, who was the general partner of, and held 7.50% of the partnership interests in, Huangshi Juhong; (iv) Nee Jung (倪融), a previous director of Dynamic Thailand (resigned in May 2026), who held 8.10% of the equity interests in Transcend Reputation; (v) Chiu Chui-Ming (邱垂明), a previous Director (resigned in September 2026), who held 4.50% of the equity interests in Transcend Reputation; and (vi) Tsan Li-Jo (詹俐柔), our employee and a sibling of Mr. Huang's spouse, who held 0.41% of the equity interests in Beyond Expectation, the shareholders and/or partners of the Employee Shareholding Platforms were our Independent Third Parties and our employees and none of them held 30.00% or more of the equity interests or partnership interests (where applicable) therein. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued pursuant to the 2026 Share Option Scheme), the Employee Shareholding Platforms will be interested in approximately [REDACTED]% of the total issued share capital of our Company.

Additionally, our Shareholders approved the 2026 Share Option Scheme on May 11, 2026, pursuant to which 419 grantees have been granted share options to subscribe for a total of 3,343,000 A Shares as of the Latest Practicable Date, which represented approximately 0.76% of the total issued share capital of our Company as of the Latest Practicable Date. The 2026 Share Option Scheme is not subject to the approval requirement under Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards under the scheme after the [REDACTED].

For further details of the 2022 Employee Incentive Scheme and the 2026 Share Option Scheme, including details of grants thereunder, see the sections headed "Appendix VI—Statutory and General Information—D. 2026 Share Option Scheme" and "Appendix VI — Statutory and General Information — E. 2022 Employee Incentive Scheme".

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

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

Since October 2025, our A Shares have been listed on the Shanghai Stock Exchange. Our Directors confirm that since our A-Share Listing and up to the Latest Practicable Date, we had no instances of material non-compliance with the applicable rules of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations. To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, as of the Latest Practicable Date, there were no material matters in relation to our compliance record on the Shanghai Stock Exchange that should be brought to the attention of the Stock Exchange or potential [REDACTED] of the [REDACTED]. Our PRC Legal Advisor is of the view that there have been no instances of our non-compliance with the applicable securities laws and regulations in the PRC in relation to our listing on the Shanghai Stock Exchange in any material respect since our A-Share Listing and up to the Latest Practicable Date. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to Joint Sponsors' 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.

We seek to [REDACTED] our H Shares on the Stock Exchange to meet our business development needs, advance our internationalization strategy, and further enhance our production and operation capabilities. Additionally, we believe the [REDACTED] of our H Shares will raise capital for supporting our research and development, business growth, and overseas market expansion. Please see "Business—Growth Strategies" and "Future Plans and Use of [REDACTED]" in this document for more details.

PUBLIC FLOAT

Rule 19A.13A(2) 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.

Our A Shares are listed on the Shanghai Stock Exchange. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new Shares are issued pursuant to the 2026 Share Option Scheme and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the total number of H Shares expected to be held by the public represents approximately [REDACTED]% of the total issued share capital of our Company, which is higher than the prescribed percentage of H Shares required to be held in [REDACTED] under Rule 19A.13A(2)(a) of the Listing Rules, thereby satisfying Rule 19A.13A(2)(a) of the Listing Rules.

FREE FLOAT

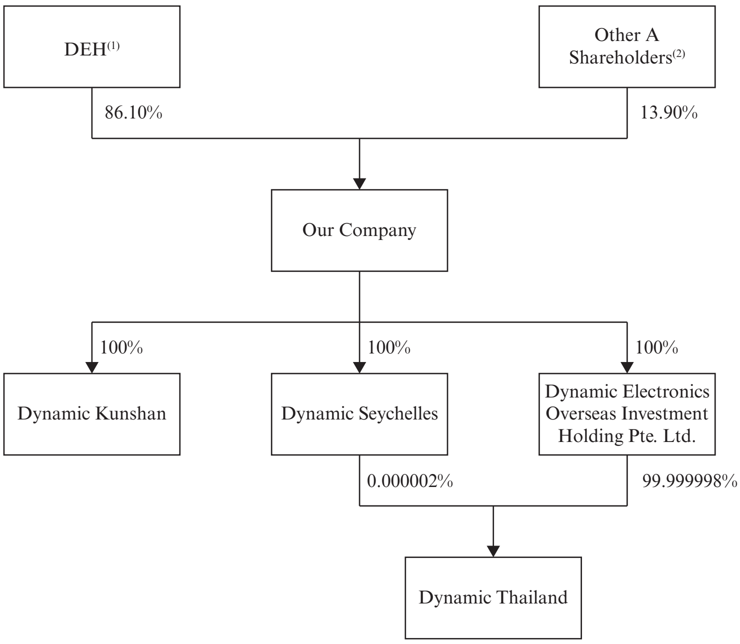
Rule 19A.13C(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether 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.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the expected market value of the H Shares to be held by the [REDACTED] and not subject to any disposal restrictions will be approximately HK$[REDACTED], calculated based on the maximum [REDACTED] of HK$[REDACTED] per H Share, which is higher than the prescribed expected market value of H Shares required to be held in [REDACTED] of not less than HK$600,000,000. Therefore, our Company is expected to satisfy the free float requirement under 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 completion of the [REDACTED], assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]:



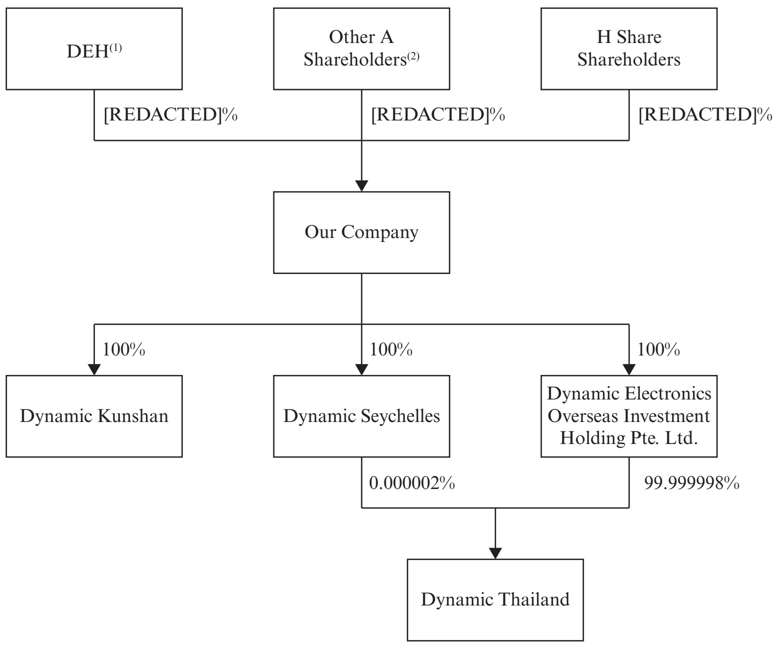
Notes:

(1) As of the Latest Practicable Date, DEH was ultimately wholly owned by Dynamic Holding, the shares of which were listed on the Taiwan Stock Exchange (stock code: 3715). To the best knowledge of our Company, none of the shareholders of Dynamic Holding held 30.00% or more of the equity interests therein.

(2) As of the Latest Practicable Date, none of such A Shareholders held more than 5.00% of the equity interests in our Company.

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 that the [REDACTED] is not exercised, no new Shares are issued pursuant to the 2026 Share Option Scheme, and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]:



Notes:

(1)–(2) See "Corporate Structure—Corporate Structure Immediately Before the [REDACTED]" in this section.

OVERVIEW

Who We Are

We are a globally established manufacturer of high-end printed circuit boards, or PCBs, and one of the world's leading automotive PCB suppliers. Founded in 2015, with our PCB business tracing its origins back to 1988, we research, develop, manufacture and commercialize a broad portfolio of high-reliability and high-complexity PCBs, including double-sided PCBs, multilayer PCBs and high-density interconnect, or HDI, PCBs, which are the physical interconnect foundation of virtually every electronic system. With principal production operations in Huangshi and Kunshan in China and a strategic overseas manufacturing base in Thailand, we serve leading global customers across multiple advanced applications: automotive electronics form the commercial and technology foundation of our business, while data storage, communication and AI server applications represent increasingly important growth engines. We believe our combination of automotive-grade quality discipline, continuous advancement of our process technologies and global manufacturing capability positions us to evolve from a leading automotive PCB supplier into a global manufacturer of high-end PCBs for the intelligent hardware era.

The following diagram presents our business highlights.

Market positions(1)	**Blue-chip global customer base(3)**	**Revenue scale and diversifying application mix**
• Automotive PCBs: **No. 8** globally in 2025 and **No. 6** in the first half of 2026 • Automotive HDI PCBs: **No. 1** globally(2) • Memory-module PCBs: **No. 3** globally(2) • AI data storage PCBs: **No. 3** globally(2)	• **Four** of the top 10 global automotive Tier 1 suppliers • **Three** of the top four global DRAM manufacturers • **All** of the top five global display panel manufacturers • **Broad coverage** of leading customers across the AI ecosystem, including leading GPU manufacturers, cloud service providers and switch vendors	• Revenue of **RMB4.8 billion** in 2025, representing a CAGR of **14.0%** from 2023 to 2025 • Revenue of **RMB2.9 billion** in the first half of 2026, up **33.3%** period on period • In the first half of 2026, automotive electronics, data storage, and communications and AI servers represented **51.4%**, **15.8%** and **10.0%** of total revenue, respectively

Global production footprint	**Advanced manufacturing capabilities**	**Sustainable manufacturing**
• **Three production bases** in Huangshi and Kunshan, China and Thailand • **71.8%** of revenue in the first half of 2026 was generated from products delivered to China's Bonded Zones and overseas markets, including other parts of Asia, Europe, the Americas and Africa	**Commercial production capability** for • six-build-up HDI • 50-layer asymmetric stack-up • up to 12-layer any-layer interconnect HDI products	• Renewable energy consumption of **141,000 MWh**, representing **23.7%** of total energy consumption, and a waste recovery rate of **93.6%** in 2025 • **UL 2799 Platinum Zero Waste to Landfill certification** and **Alliance for Water Stewardship certification** at our Huangshi production base

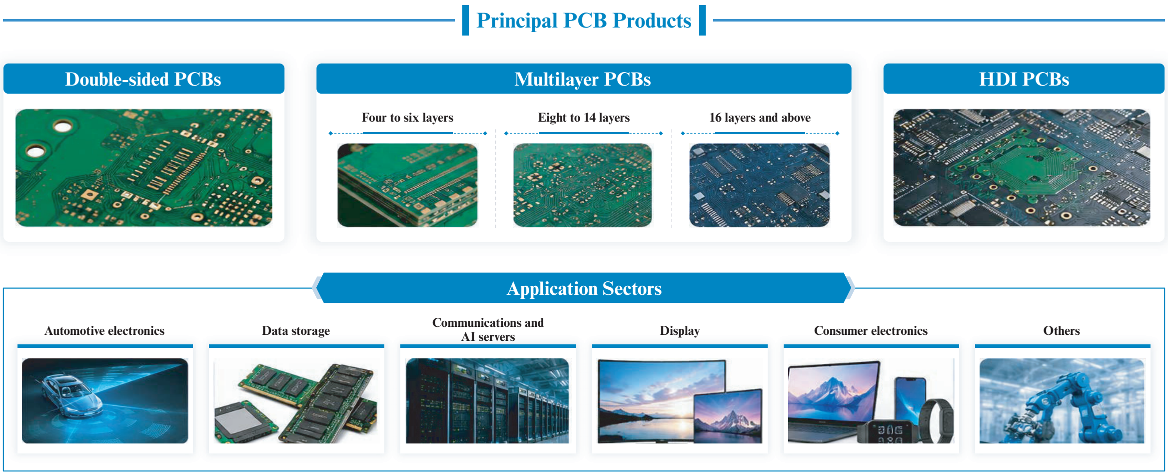
(1) Industry rankings are according to the F&S Report and are based on sales revenue.

(2) Automotive HDI PCB, memory-module PCB and AI data storage PCB rankings apply to both 2025 and the first half of 2026.

(3) Customer rankings are according to the F&S Report and are based on the relevant data for 2025.

Our Product Portfolio

The following diagram illustrates our principal PCB products and their application sectors.



Automotive electronics are the foundation of our business and our largest application sector, accounting for 55.4% of total revenue in 2025 and 51.4% in the six months ended June 30, 2026. We focus on high-end HDI PCBs, which can serve battery, motor and electronic control systems, as well as autonomous-driving and smart-cockpit domain controllers. Our broader automotive PCB portfolio can also support radar and lidar, power-conversion and braking systems, and vehicle window and seat controls. These applications demand high reliability and quality traceability, drawing on our established manufacturing and mass-production capabilities.

Data storage is another established growth area, with its contribution to total revenue increasing from 7.0% in 2023 to 15.8% in the six months ended June 30, 2026. Our multilayer and HDI PCBs can be used in memory modules, solid-state drives and hard disk drives. Depending on product requirements, they incorporate high-speed interfaces, fine-pitch gold finger structures, low-loss materials and precise dimensional and impedance controls to support demanding data-transmission and storage requirements.

Communications and AI servers are an increasingly important growth area, with their contribution to total revenue increasing from 4.3% in 2023 to 10.0% in the six months ended June 30, 2026. Our products can be used in servers, routers, switches, wireless communications equipment and AI computing boards. We have established commercial production capability for six-build-up HDI and 50-layer asymmetric stack-up products and developed processing parameters for M7- to M9-grade high-speed laminates. Our ongoing development covers eight-build-up HDI, 60-layer and 78-layer ultra-high-layer-count technologies, M9-grade and higher materials, and PCBs for 1.6T optical modules and co-packaged optics.

Display and consumer electronics further broaden our product portfolio, accounting for 8.9% and 5.9% of our total revenue in the six months ended June 30, 2026, respectively. Our display PCBs include those that can be used for high-resolution display driver boards and in-vehicle displays, with process controls supporting large-format dimensional stability, layer alignment and board flatness. Our consumer electronics portfolio principally comprises HDI PCBs and selected multilayer products, which can be used for AI-enabled personal computers, smart watches and other wearables, as well as augmented reality and virtual reality headsets. These products can support compact and thin designs, dense circuitry and high component integration, drawing on our precision manufacturing and high-density interconnection capabilities.

Our product portfolio is supported by a technology platform spanning materials technologies, manufacturing-process technologies and product-development technologies. Our capabilities include ultra-low-profile copper surface treatment to reduce conductor loss, high-frequency and high-speed material processing, precision back-drilling and residual-stub control, blind- and buried-via filling, and fine-line and microvia processing. Together, these capabilities address requirements across our application sectors for dense interconnection, high-speed signal transmission, power delivery, thermal management, dimensional precision, compact designs and reliability. Our development approach coordinates material selection, stack-up structures, manufacturing parameters, testing methods and quality-control criteria throughout the product lifecycle.

Our Growth Opportunities

As the interconnect foundation, PCBs mechanically support electronic components, distribute power, enable thermal management and carry the electrical and high-speed digital signals that allow semiconductors, sensors, memory, power devices and other components to operate as an integrated system, serving as a physical nervous system. As vehicles become electric and software-defined, AI computing clusters become larger and more interconnected, enterprise data storage moves toward higher speed and density, and network bandwidth advances from gigabits toward terabits, the PCB is no longer a passive substrate. Its layer count, material system, impedance control, signal loss, interconnection density, heat dissipation, dimensional accuracy and long-term reliability can directly affect system performance, energy efficiency, manufacturing yield and safety.

According to the F&S Report, the global PCB market increased from US$76.9 billion in 2021 to US$85.8 billion in 2025 and is expected to reach US$144.6 billion by 2030. Within this market, the global automotive PCB market increased from US$8.3 billion in 2021 to US$9.8 billion in 2025 and is expected to reach US$13.4 billion by 2030, while the global communication and AI server PCB market increased from US$9.5 billion to US$20.9 billion during the same period, making it the fastest-growing PCB application segment, and is expected to further increase from US$28.1 billion in 2026 to US$47.2 billion in 2030 at a CAGR of 13.9%. The global data storage PCB market is also expected to increase from US$9.4 billion in 2026 to US$15.7 billion in 2030 at a CAGR of 13.7%. We believe these trends, together with customers' increasing emphasis on supply chain resilience and regional delivery and corresponding demand for diversified production capacity in Southeast Asia, reflect a structural shift towards higher-value PCB products and more globalized manufacturing footprints, creating significant opportunities for manufacturers that combine advanced process capabilities, rigorous quality systems, scalable production capacity, established customer relationships and overseas manufacturing capabilities.

Our Financial Performance

Our operating scale and product mix continued to evolve during the Track Record Period. Our revenue increased from RMB3,656.3 million in 2023 to RMB4,752.3 million in 2025, representing a CAGR of 14.0%, and increased by 33.3% from RMB2,184.8 million in the six months ended June 30, 2025 to RMB2,912.0 million in the same period in 2026. The contribution from HDI PCBs increased from 23.4% of our total revenue in 2023 to 43.8% in the six months ended June 30, 2026, reflecting the continued shift of our product mix towards higher-density products. We believe our production capabilities, customer access and global capacity provide the foundation for a more diversified, higher-value and internationally resilient growth model, and position us to help power the transition from conventional electronics to a world of pervasive intelligence.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors.

Established Global PCB Platform Anchored in Automotive Leadership and Positioned to Capture Growth in AI Computing and High-Speed Data Infrastructure

We have built a PCB business at the convergence of three structural technology shifts: vehicle electrification and intelligence, the expansion of AI computing infrastructure and the increasing speed and capacity of data storage and transmission. Our automotive electronics business provides an established manufacturing foundation and long-standing customer relationships, while our data storage, communication and AI server businesses extend our reach into increasingly demanding data applications. These markets require more than additional circuit-board manufacturing capacity: they require the ability to combine materials expertise, precision manufacturing and reliable execution. We believe our presence across these interconnected applications positions us to participate in both the expanding demand for established electronics and the industry-wide migration towards more complex, higher-value PCB products.

Automotive electronics are the foundation of our business and our largest application sector. According to the F&S Report, by sales revenue, we ranked eighth globally in the automotive PCB market in 2025 and sixth in the first half of 2026. We also ranked first globally in the automotive HDI PCB market in both periods. Our particular strength in automotive HDI PCBs places us within application areas where increasing electronic content, denser integration and demanding reliability requirements make manufacturing expertise especially important. We believe these positions provide a foundation for supporting successive generations of vehicle electronics as sensing, computing and control functions become more sophisticated.

Our automotive position is built not only on technical capability, but also on the qualification experience and production discipline required to earn customer trust. Customer qualification may take two to three years, while the order cycle of an automotive program may generally extend for three to five years. Our production bases maintain International Automotive Task Force quality-management certification, and our quality framework covers product development, material approval, production, inspection and customer feedback. We believe the cumulative experience gained through these processes creates an advantage that cannot be replicated through equipment investment alone.

Building on this automotive foundation, our data storage portfolio extends our capabilities into high-precision, high-speed data applications. According to the F&S Report, we ranked third globally in both the memory-module PCB market and the AI data storage PCB market by sales revenue in 2025 and the first half of 2026. Alongside these established positions, our communication and AI server products address increasingly demanding requirements for interconnection density, layer count and signal performance. Our higher-specification products, including PCBs that can be used for GPU and ASIC motherboards in AI servers, 800G switches and optical modules, were undergoing extensive customer validation or had entered small-batch production as of the Latest Practicable Date. Our participation across data storage, computing and networking provides several avenues for addressing the hardware requirements of AI computing infrastructure, rather than relying on a single type of board or end application. This breadth strengthens our ability to support customers through changes in product architecture and performance requirements.

Our product mix is already evolving towards higher-density products. The contribution of HDI PCBs to our total revenue increased from 23.4% in 2023 to 43.8% in the six months ended June 30, 2026. This progression provides a commercial foundation for our continued expansion in higher-specification applications. According to the F&S Report, the global communication and AI server PCB market was the fastest-growing PCB application segment from 2021 to 2025 and is expected to increase at a CAGR of 13.9% from 2026 to 2030. We believe manufacturers able to combine advanced process capabilities with customer qualification experience and production execution are well positioned to address the increasingly complex interconnection requirements underlying this growth.

Advanced Technology Platform and Customer Co-Innovation Model Translating Engineering Expertise into High-Performance PCBs

Our technological strength lies in combining materials and manufacturing-process expertise with an understanding of how our customers' products must perform. Our technology platform spans materials technologies, manufacturing-process technologies and product-development technologies, enabling us to coordinate material selection, stack-up structures, manufacturing parameters and quality criteria to address interconnected requirements for high-speed transmission, dense interconnection, power delivery and thermal management. As our PCBs are customized to customers' designs and intended applications, we seek to participate early in their product-development cycles. We believe this combination of technical breadth and customer engagement positions us to contribute where product innovation meets the practical demands of manufacturing.

Our established capabilities provide a foundation for supporting increasingly complex electronic systems. As of the Latest Practicable Date, we had achieved commercial production capability for six-build-up HDI products and 50-layer asymmetric stack-up products and developed processing parameters for M7- to M9-grade high-speed laminate materials. We also have mass-production capability for up to 12-layer any-layer interconnect HDI and sample capability for up to 20-layer any-layer interconnect HDI. These capabilities address different combinations of routing density, layer count and signal performance, allowing us to support a range of customer requirements rather than depend on a single product architecture. We believe this flexibility is increasingly valuable as customers seek to accommodate greater computing power and functional integration within demanding electrical, thermal and mechanical constraints.

The depth of our platform extends beyond layer counts to the materials and precision processes that determine board performance. Our ultra-low-profile copper surface-treatment process reduces arithmetic mean surface roughness from approximately 2,900 nanometers to approximately 100 nanometers, reducing high-frequency conductor loss while maintaining interlayer bonding and thermal reliability. Our precision back-drilling removes unused portions of plated through-holes to reduce signal reflections, while our via-filling, co-planar asymmetric-copper and cavity-processing capabilities address routing density, current-carrying and component-integration requirements. We believe the ability to coordinate these capabilities is a source of competitive value, as it allows us to approach a customer's requirements as a combination of interacting design and manufacturing challenges, rather than as isolated technical specifications.

We are extending our platform to address the requirements of our customers' next-generation products, building on established capabilities while investing in emerging technologies. Our research and development include eight-build-up HDI, 60-layer and 78-layer ultra-high-layer-count technologies and modified semi-additive process, or mSAP, fine-line processing. We are also developing processing parameters for M9-grade copper-clad laminates incorporating Q cloth, M10-grade materials, glass-fiber-free materials and polytetrafluoroethylene, or PTFE, materials to support 224-gigabit-per-second-class per lane transmission, for 1.6T optical modules and co-packaged optics. We believe our accumulated materials and process expertise provides a foundation for pursuing these opportunities and supporting customers as their products evolve towards higher speed, greater integration and higher power density.

Blue-Chip Global Customer Base and Long-Term Collaboration Supporting Growth across High-Value Applications

We have established a global customer base spanning automotive electronics, data storage, communications and AI servers, display and consumer electronics. Our customer coverage includes four of the world's top 10 automotive Tier 1 suppliers and three of the world's top four DRAM manufacturers. We believe our relationships with recognized industry participants provide an important commercial foundation, connecting our product and manufacturing capabilities with customers whose evolving requirements drive demand for increasingly sophisticated PCBs.

Our automotive customer relationships reflect the qualification experience and sustained execution required to serve demanding applications. We have developed long-standing cooperation with globally recognized automotive companies and Tier 1 suppliers, with our products ultimately incorporated into vehicles of established conventional and new energy vehicle brands. Automotive customers generally evaluate suppliers' manufacturing processes, research and development, delivery performance, quality control and environmental credentials through qualification processes that may take two to three years. Their requirements for reliability, product consistency and continuing product development favor sustained collaboration with qualified suppliers. We believe our experience in meeting these requirements supports customer confidence and our participation in successive vehicle programs.

In data storage, our relationships extend across leading memory semiconductor companies and manufacturers of hard disk drives and solid-state drives, supporting our participation in both memory-module and data storage-device applications. These relationships provide a platform for addressing customers' requirements as memory products evolve towards higher speeds and enterprise data storage demand expands. We are extending this customer foundation into AI computing infrastructure. We have obtained supplier qualifications from leading customers across the AI ecosystem, including leading GPU manufacturers, cloud service providers and switch vendors. These engagements provide opportunities to deepen our participation in customers' evolving AI computing programs.

Our customer relationships are reinforced by collaboration on new technologies and our ability to address customized product and supply requirements through a broad range of manufacturing processes. Our production footprint in China and Thailand also broadens the manufacturing options available to customers seeking supply-chain diversification and regional production. We believe the combination of established customer relationships, accumulated qualification experience, customized manufacturing capabilities and geographic flexibility strengthens our ability to support customers through changes in product architecture and sourcing requirements, deepen existing relationships and pursue opportunities in higher-value applications.

Integrated Manufacturing Platform Combining Scale, Quality and Geographic Flexibility to Serve Global Customers

Our manufacturing strength lies in combining complex-process expertise, quality management and a strategically positioned production footprint in China and Thailand. Advanced PCB technology generates commercial value when it can be translated into consistent production and reliable customer deliveries. We integrate product engineering, process development, production management and quality control so that manufacturability and inspection requirements are considered throughout development. We believe this connection between engineering and production enables us to address a critical customer requirement: not simply whether a sophisticated board can be made, but whether it can be manufactured consistently at commercial scale.

Our Huangshi and Kunshan production bases provide established manufacturing and engineering capabilities across our principal application sectors, while our Thailand production base extends our manufacturing footprint overseas, focusing on high-layer-count and HDI PCBs for communications, AI servers and data storage. Together, these production bases broaden the manufacturing options available to our customers and support requirements for supply-chain diversification and regional production. Our research and development activities involve engineering, quality, sales and supply-chain personnel across all three locations, connecting product development with the capabilities and requirements of the relevant manufacturing site. We believe this combination of technical coordination and geographic flexibility strengthens our ability to support customers as their products and sourcing requirements evolve.

Our production scale is supported by a make-to-order, sales-driven operating model that connects manufacturing resources with customer demand. Orders are allocated among production bases and lines according to product specifications, required processes and delivery schedules. In 2025, we produced approximately 3.3 million square meters and sold approximately 3.2 million square meters of PCBs. These operating volumes demonstrate the commercial scale of our manufacturing platform, while our production-planning approach supports the coordination required to deliver a broad mix of customized products.

Quality management, automation and digital process control are integral to our manufacturing platform and to sustaining customer confidence. We incorporate automation and digitalization into the planning and design of our production bases from the outset. Our Huangshi production base was built around automated production and integrated information systems, connecting production systems and equipment to enable real-time monitoring, automatic exception reporting and end-to-end traceability. The expansion of our Huangshi production base builds on this approach through innovations in factory design, supporting utilities, equipment configuration and plant layout, incorporating high-bay warehousing and automated guided vehicles to achieve automation across production lines and internal logistics. These capabilities support coordinated production, consistent process execution and the delivery of reliable products.

Our quality-management framework extends from supplier qualification and incoming materials through production-process control, in-process and final inspection, reliability testing, shipment release and customer feedback. Our production bases use automated optical inspection, electrical testing, statistical process control and manufacturing execution systems to support process monitoring, traceability and corrective action. Relevant production bases maintain International Organization for Standardization quality-management and International Automotive Task Force automotive quality-management certifications. We believe the integration of automated manufacturing, digital monitoring, quality controls and accumulated process experience supports the consistency and traceability required by customers in demanding applications.

Management and Technical Teams Connecting Customer Insight, Engineering Depth and Manufacturing Execution to Support Long-Term Growth

Our business is supported by management and specialist teams that connect customer requirements with technology development and manufacturing execution. Higher-specification PCB production requires coordinated decisions across research and development, engineering, quality, procurement, production and cross-border operations. Technical development, customer qualification and capacity deployment may extend over multiple years, making it important to align resources with both the requirements of individual orders and the longer-term direction of customer demand. We believe our ability to bring these functions together provides an organizational foundation for translating market opportunities into qualified products and scalable production.

Led by Mr. Huang, the chairman of our Board, our core management team has over 20 years of experience in the PCB industry, combining knowledge of manufacturing processes with production-management and market-development experience. Our research and development center leads our development activities with participation from engineering, quality, sales and supply-chain personnel at our Huangshi, Kunshan and Thailand production bases. This structure brings different operational perspectives into the development process, allowing technical requirements to be considered alongside material availability, process capability, reliability and production readiness. As of June 30, 2026, our research and development team comprised 1,383 employees, of whom almost 30% had served with us for more than three years. We believe this combination of technical resources and company-specific experience supports continuity in development activities and the accumulation of knowledge across customer orders.

Our investment in research and development reinforces this organizational capability. Our research and development expenses increased from RMB122.1 million in 2023 to RMB162.5 million in 2025. As of June 30, 2026, we had 124 patents in China. These resources support our continuing work on materials, manufacturing processes and product structures, providing a foundation for customer qualification and product-mix upgrading. We seek to direct technical expertise towards solutions that address customer needs and can progress from development and validation into repeatable manufacturing.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business.

Expand and Upgrade Our Global Production Capacity and Advance Intelligent and Sustainable Manufacturing

We intend to expand and upgrade our overall production capacity to support the growth of advanced PCBs used in AI computing infrastructure, intelligent vehicles, advanced data storage and other higher-specification applications. We plan to invest in additional high-precision manufacturing and inspection equipment, including drilling, electroplating, lamination, exposure, automated optical inspection and testing equipment. These investments are intended to expand our capacity for high-layer-count multilayer PCBs, advanced HDI PCBs and PCBs manufactured using mSAP, improve layer-to-layer alignment and plating consistency and support the transfer of customer-qualified products from trial production to stable mass production.

We also plan to construct new production and ancillary facilities. At our Thailand production base, we intend to continue improving process stability, yield, staffing, local procurement and customer and factory qualification so that the base can more effectively support high-layer-count and HDI products for overseas customers. At our Huangshi and Kunshan production bases, we will continue to upgrade process capability, production allocation and equipment configuration to support higher-specification products and improve utilization of key processes.

As we expand capacity, we intend to increase automation and digital integration across order management, engineering, production planning, manufacturing, quality control, maintenance, inventory and logistics. We plan to deploy and upgrade manufacturing execution, enterprise resource planning, software and automated control systems and to increase the use of intelligent scheduling, automated inspection, process-data analysis and predictive maintenance.

We will continue to integrate environmental and occupational-health-and-safety considerations into capacity expansion and daily operations. We plan to invest in environmental protection and safety facilities, improve energy and water monitoring, increase the use of renewable energy, promote reclaimed-water and resource-recovery initiatives and upgrade energy-efficient equipment and production processes. We aim to develop additional capacity that meets customer requirements for product quality, traceability and responsible manufacturing while supporting our long-term operating resilience.

Accelerate Product-Mix Upgrades in Communications and AI Servers, Data Storage and Automotive Electronics

We intend to concentrate product, technology, capacity and customer-development resources on application sectors where product complexity and PCB value per unit are increasing.

- ***Communications and AI servers***. We plan to deepen our participation in GPU accelerator cards, AI compute boards, AI switching boards, high-speed switches, optical modules and other computing- and network-infrastructure products. We will seek to convert our established six-build-up HDI, 50-layer asymmetric stack-up, back-drilling, via-filling and M7- to M9-grade material capabilities into additional qualified products and stable mass-production programs.

At the same time, we will continue developing eight-build-up HDI, 60-layer and 78-layer ultra-high-layer-count technologies, mSAP, M9-grade and higher low-loss materials, and PCBs for 1.6T optical modules and co-packaged optics.

- ***Data storage***. We plan to build on our position in memory-module PCBs and our portfolio of circuit boards for DRAM, solid-state drives, hard disk drives and small-outline compression-attached memory modules. We will focus on higher-speed and higher-density products for enterprise data storage, data centers and AI infrastructure, including PCIe 5.0 and PCIe 6.0 products, fifth-generation and sixth-generation double data rate memory modules, low-power compression-attached memory module 2 and other emerging form factors and high-speed solid-state drives. Our product-development priorities will include fine contact and circuit control, low-loss material processing, impedance and dimensional-stability control and higher-build-up HDI.

- ***Automotive electronics***. We intend to reinforce our position in automotive PCBs by increasing our participation in products used in autonomous-driving systems, smart cockpits, radar and lidar, domain controllers and power conversion, among others. We will continue to develop multi-build-up and any-layer interconnect HDI products, mixed lamination of high-frequency materials, embedded-component structures, thick-copper and thermal-management technologies and high-precision antenna structures. Current development priorities include next-generation autonomous-driving control boards, including those designed for the autonomous driving 5.0 platform and central control units, fifth- to seventh-generation radar antenna structures and higher-power thermal-management products.

Increase Research and Development Investment in Advanced Materials, Interconnection Structures and Precision Processes

We intend to continue investing in research and development to strengthen the technology platform required for higher-layer-count, higher-density and higher-speed products. Our research and development will remain customer-oriented and manufacturing-focused, combining materials evaluation, product and process design, sample production, reliability testing and production transfer. We plan to direct resources towards technologies with relevance across multiple application sectors so that advances in materials, lamination, drilling, plating, imaging, dimensional control and reliability can be applied to automotive, data storage, communication and AI server products and other applications.

In materials, we will continue developing processing parameters for M9-grade copper-clad laminates incorporating Q cloth, M10-grade, glass-fiber-free and PTFE materials and other low-loss material systems. We intend to deepen our understanding of resin flow, dimensional movement and coefficient-of-thermal-expansion differences so that we can process increasingly complex mixed-material structures while maintaining signal performance, interlayer bonding and thermal reliability.

In interconnection and circuit formation, we will continue developing eight-build-up HDI, ultra-microvias, high-aspect-ratio blind-via filling and mSAP fine-line processing. In high-layer-count products, we will continue developing 60-layer and 78-layer ultra-high-layer-count technologies, together with high-precision registration, repeated-lamination dimensional control, warpage control, impedance control and interconnection reliability. In special structures, we will further develop embedded-component, thick-copper, heat-dissipating and large-format processing technologies.

We also plan to upgrade our research and development hardware and laboratory capabilities, including equipment for high-frequency signal-integrity testing, ultra-thick PCB testing and reliability analysis. We will recruit and train research and development and engineering personnel in China and overseas and continue to protect commercially valuable technologies through patents, trade-secret controls and contractual arrangements. These investments are intended to shorten product-development cycles, improve qualification success and increase the proportion of development projects that can be transferred into stable and commercially viable production.

Build and Retain a Global Talent Organization Capable of Supporting Advanced Technologies and Cross-Border Operations

We believe that experienced research and development, engineering, process, quality, production, procurement, sales and management personnel are important to the execution of our strategies. We intend to recruit personnel with expertise in high-layer-count and HDI products, high-frequency and high-speed materials, signal integrity, thermal management, automation, quality and overseas operations. We will combine external recruitment with internal development to build a talent pipeline across technical, operational and management functions.

We plan to enhance role-based training, technical exchanges, project experience and management-development programs. For research and development and engineering personnel, we will emphasize materials, process design, reliability, manufacturability and production-transfer capabilities. For production and quality personnel, we will strengthen training in equipment operation, statistical process control, traceability, problem solving and occupational health and safety. We also intend to maintain remuneration and incentive arrangements that link employee contribution with performance and long-term development.

As our Thailand operations develop, we will continue to recruit and train local personnel, strengthen cross-cultural management and transfer technical and quality-management know-how across production bases. We will seek to build local engineering, production, quality, procurement and administrative capabilities while maintaining effective coordination with our functions in China. A stronger international talent base will support the ramp-up of overseas capacity, local customer service and consistent implementation of our operating and compliance standards across jurisdictions.

OUR PRODUCTS

Product Portfolio

Our principal products are rigid printed circuit boards, or PCBs, manufactured using insulating substrates that provide mechanical support for electronic components and conductive pathways for electrical interconnection. We classify our principal PCB products into (1) double-sided PCBs, (2) multilayer PCBs and (3) high-density interconnect, or HDI, PCBs.

Double-sided and multilayer classifications principally describe the number of conductive layers, while HDI describes the interconnection structure and density. These classifications are not mutually exclusive in a technical sense: an HDI PCB generally has multiple conductive layers and may also be a high-layer-count PCB, and a PCB in any category may incorporate high-frequency or high-speed materials, thick-copper, metal-based or embedded-copper features. The product structure selected for a particular end application depends on, among others, circuit complexity, component density, power and current requirements, thermal management, signal-transmission speed, reliability requirements and form-factor constraints.

1. ***Double-sided PCBs***. A double-sided PCB comprises two conductive copper layers, one on each side of an insulating substrate, with electrical connection between the two sides generally provided by plated through-holes. Its manufacturing process requires accurate imaging and etching on both sides, drilling and reliable metallization of the through-holes, and control of copper thickness, dimensional accuracy and surface finish. Compared with multilayer and HDI PCBs, double-sided PCBs provide less routing space and are generally suited to products with moderate circuit complexity. Our double-sided PCBs are used principally in automotive electronics and display applications and, depending on product specifications, selected

communication products and other applications. Typical end applications include automotive radar, vehicle window and seat-control systems, liquid-crystal display, or LCD, products, and mini light-emitting diode, or Mini LED, products.

2. ***Multilayer PCBs***. A multilayer PCB comprises three or more conductive layers separated by insulating materials and laminated into a single board. The inner conductive layers may be configured as signal layers or as dedicated power and ground planes, while plated through-holes or other interconnection structures establish electrical connections among the relevant layers. Compared with double-sided PCBs, multilayer PCBs provide greater routing space and support the integration of a larger number of electronic components and interfaces within a limited board area, thereby enabling more complex circuit layouts, power distribution and signal transmission. In addition to the processes used for double-sided PCBs, the manufacture of multilayer PCBs involves inner-layer imaging and etching, automated optical inspection, lay-up and lamination, dimensional compensation and layer-to-layer registration, drilling, desmear to remove resin residue from drilled hole walls, hole-wall metallization and plating. As the layer count, board thickness and circuit complexity increase, tighter process control is generally required in relation to lamination uniformity, registration accuracy, via aspect ratio and plating uniformity, warpage, impedance and signal integrity.

   We classify our multilayer PCBs by layer count into the following categories.

   (i) *Four-to-six-layer PCBs*. Four-to-six-layer PCBs represent the lower-to-medium layer-count segment of our multilayer PCB portfolio. Their stack-up, meaning the arrangement of conductive and insulating layers, and interconnection structures are generally less complex than those of higher-layer-count products, allowing them to balance functional integration, reliability, manufacturing efficiency and cost. Our four-to-six-layer PCBs can be used in products with moderate circuit complexity, including certain automotive electronic control systems, display driver boards, consumer electronics products and conventional data storage and communications equipment.

   (ii) *Eight-to-14-layer PCBs*. Eight-to-14-layer PCBs provide more routing channels and dedicated signal, power and ground planes than four-to-six-layer products. Such products are generally used where higher wiring density, more complex power distribution, improved electromagnetic compatibility and more stable signal transmission are required. Their manufacture requires more precise control over the alignment and dimensional variation of multiple inner layers, lamination parameters, drilling accuracy, hole-wall plating, impedance and board warpage. Our eight-to-14-layer PCBs can be used in applications such as vehicle intelligent systems and radar products, memory modules and high-speed data storage products, base-station antennas, routers, network switches and general-purpose servers.

   (iii) *16-layer-and-above PCBs*. Our 16-layer-and-above PCBs are high-layer-count products designed for applications involving complex circuit routing, multiple high-speed signal channels, sophisticated power-distribution networks and high component density. The additional layers enable a greater number of signal, power and ground planes to be incorporated into the board and facilitate the interconnection of high-pin-count processors, memory devices and other electronic components. As the number of layers and board thickness increase, production may require more complex stack-up design and lamination, tighter dimensional compensation and layer-to-layer registration, high-aspect-ratio drilling and plating for relatively deep and narrow holes, back-drilling to remove unused portions of plated through-holes and more stringent control over warpage, impedance, thermal reliability and signal integrity. Our 16-layer-and-above PCBs can be used in higher-specification communication and AI server applications, including high-speed network switches, servers and AI computing boards, as well as advanced automotive electronic systems requiring complex circuit integration and high reliability.

3. ***HDI PCBs***. HDI PCBs use high-density interconnection structures, including laser-drilled microvias, blind and buried vias, via filling and sequential build-up layers, to connect selected conductive layers without relying solely on through-holes extending across the entire board. These structures reduce the board area occupied by vias and pads and support finer routing, higher component density and shorter signal paths. The manufacture of HDI PCBs involves repeated lamination, laser drilling, microvia metallization and filling, fine-line imaging and stringent layer-alignment and reliability control. Our HDI products have achieved minimum line width and spacing of approximately 45 μm/45 μm. We have developed sample capability for up to 20-layer any-layer interconnect HDI and mass-production capability for up to 12-layer any-layer interconnect HDI. Our HDI PCBs can be used in automotive electronics, data storage, communication and AI server, display and consumer electronics applications, particularly where compact form factor, dense routing from high-pin-count chips, high integration or high-speed signal transmission is required.

The following table sets forth a breakdown of our revenue by product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Sales of PCB products										
Double-sided PCBs	**265,049**	**7.2**	**263,068**	**6.4**	**227,430**	**4.8**	**120,464**	**5.5**	**109,314**	**3.8**
Multilayer PCBs	**2,415,320**	**66.1**	**2,330,272**	**56.5**	**2,428,281**	**51.1**	**1,150,243**	**52.7**	**1,324,441**	**45.4**
Four to six layers	1,560,244	42.7	1,387,265	33.6	1,436,372	30.3	729,097	33.4	718,857	24.6
Eight to 14 layers	855,007	23.4	940,024	22.8	980,077	20.6	419,595	19.2	600,564	20.6
16 layers and above	69	0.0	2,983	0.1	11,832	0.2	1,551	0.1	5,020	0.2
HDI PCBs	**854,592**	**23.4**	**1,352,027**	**32.8**	**1,783,330**	**37.5**	**782,078**	**35.8**	**1,274,791**	**43.8**
Subtotal	**3,534,961**	**96.7**	**3,945,367**	**95.7**	**4,439,041**	**93.4**	**2,052,785**	**94.0**	**2,708,546**	**93.0**
Others(1)	**121,291**	**3.3**	**178,250**	**4.3**	**313,299**	**6.6**	**131,992**	**6.0**	**203,498**	**7.0**
Total	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**

(1) Primarily comprise sales of scrap materials.

The following table sets forth our PCB sales volume and average selling price, or ASP, by product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(Sales volume in thousands of square meters and average selling price in RMB per square meter)									
Double-sided PCBs	**411**	**645**	**442**	**595**	**405**	**562**	**213**	**566**	**178**	**614**
Multilayer PCBs	**2,077**	**1,163**	**1,941**	**1,201**	**2,055**	**1,182**	**1,018**	**1,130**	**980**	**1,351**
Four to six layers	1,663	938	1,511	918	1,605	895	813	897	741	970
Eight to 14 layers	414	2,065	430	2,186	449	2,183	205	2,047	238	2,523
16 layers and above	0	11,388	0	14,161	1	13,292	0	16,130	1	9,505
HDI PCBs	**361**	**2,364**	**554**	**2,440**	**710**	**2,512**	**317**	**2,467**	**450**	**2,833**
Total	**2,849**	**1,241**	**2,937**	**1,343**	**3,170**	**1,400**	**1,548**	**1,326**	**1,608**	**1,684**

Application Sectors

Our PCB products are used in automotive electronics, data storage, communications and AI servers, display, consumer electronics, as well as other applications. Each application sector may use more than one PCB product category. The applicable product structure is determined by the electrical, thermal, mechanical and form-factor requirements of the end product. For example, double-sided PCBs may be used where the routing requirement is relatively moderate; multilayer PCBs provide additional routing, power and ground layers for more complex systems; and HDI PCBs provide higher-density interconnection for compact or highly integrated products. Depending on customer specifications, products in these categories may also incorporate low-loss materials, high-frequency or high-speed designs, thick-copper structures and other specialized features.

The following table sets forth a breakdown of our revenue by application for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Sales of PCB products	**3,534,961**	**96.7**	**3,945,367**	**95.7**	**4,439,041**	**93.4**	**2,052,785**	**94.0**	**2,708,546**	**93.0**
Automotive electronics	2,517,922	68.8	2,707,099	65.7	2,628,142	55.4	1,299,263	59.6	1,495,027	51.4
Data storage	256,722	7.0	316,040	7.7	548,092	11.5	197,320	9.0	460,747	15.8
Communications and AI servers	156,223	4.3	283,889	6.8	440,895	9.3	177,281	8.1	291,213	10.0
Display	430,615	11.8	431,204	10.5	519,447	10.9	242,077	11.1	260,294	8.9
Consumer electronics	163,288	4.5	187,615	4.5	266,933	5.6	125,077	5.7	172,214	5.9
Others(1)	10,191	0.3	19,520	0.5	35,532	0.7	11,767	0.5	29,051	1.0
Others(2)	**121,291**	**3.3**	**178,250**	**4.3**	**313,299**	**6.6**	**131,992**	**6.0**	**203,498**	**7.0**
Total	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**

(1) Other PCB applications primarily include applications in embodied intelligence, industrial control, medical and green energy sectors.

(2) Primarily comprise sales of scrap materials.

The following table sets forth selected information on the principal PCB product categories, end applications and technical characteristics in each application sector as of the Latest Practicable Date.

Application sector	Principal PCB product categories(1)	Principal end applications and representative products	Selected technical characteristics and functions
Automotive electronics	Double-sided, multilayer and HDI PCBs	Millimeter-wave radar and lidar; autonomous-driving and smart-cockpit domain controllers; power-conversion systems; electronic stability program ("**ESP**") and anti-lock braking systems ("**ABS**"); vehicle window and seat controls	Multi-build-up and any-layer interconnection; mixed lamination of high-frequency materials; thick-copper and thermal-management designs; fine-pattern control; automotive reliability
Data storage	Multilayer and HDI PCBs	Dynamic random-access memory ("**DRAM**") and small-outline compression-attached memory module ("**SOCAMM**") boards; solid-state drive ("**SSD**") and hard disk drive ("**HDD**") controller boards	High reliability and density; fine-pitch gold finger and circuit control; low-loss materials; high-speed signal transmission
Communications and AI servers	Double-sided, multilayer and HDI PCBs, including high-layer-count multilayer and high-build-up HDI PCBs	x86-architecture server boards; routers; switches; massive multiple-input multiple-output ("**massive MIMO**") antenna boards; radio-frequency ("**RF**") power-amplifier boards; graphics processing unit ("**GPU**") accelerator-card carrier boards; AI compute boards; AI switching boards	Low-loss materials; impedance and insertion-loss control; precision back-drilling and via-in-pad plated over; high-speed transmission; multi-build-up and any-layer interconnection; ultra-low signal loss; dense routing from high-pin-count chips; high-layer-count routing; reliable high-density interconnection
Display	Double-sided, multilayer and HDI PCBs	LCD, organic light-emitting diode ("**OLED**") and Mini LED products; 4K and 8K ultra-high-definition display driver boards; in-vehicle display control boards	High integration; board flatness; low-power material design
Consumer electronics	Primarily HDI PCBs; multilayer PCBs for selected products	AI-enabled personal computer ("**AI PC**") motherboards; smart-watch and wearable control boards; augmented reality and virtual reality ("**AR/VR**") headset boards	Compact and thin form factors; dense routing; small vias; fine line/spacing; high component integration
Other applications	Double-sided, multilayer and HDI PCBs, depending on the application	Industrial-control boards; medical-device boards; green-energy boards; robot joint-drive and main-control boards	Product-specific combinations of routing density, power distribution, thermal management, signal integrity and reliability

(1) The product categories identified for each application are indicative and are not mutually exclusive; the structure and technical features of a particular PCB depend on the relevant customer specifications and end-product requirements.

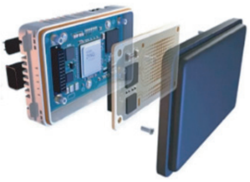
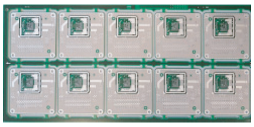
Automotive electronics

We supply double-sided, multilayer and HDI PCBs for automotive electronics. Our double-sided PCBs can be used in selected automotive radar, vehicle window-control and seat-control applications; our multilayer PCBs are able to provide the additional routing, power and ground layers required for power-conversion, braking and other vehicle-control systems; and our multi-build-up and any-layer interconnect HDI PCBs can be used in more highly integrated products, such as autonomous-driving and smart-cockpit domain controllers, lidar and other sensing or computing modules. Across these products, the PCB serves as the electrical-interconnection and mechanical-support platform for sensing, computation, power conversion and control.

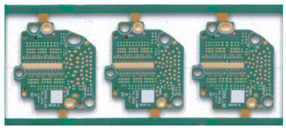
Automotive PCBs are generally required to operate reliably under temperature variation, vibration, electrical stress and other demanding conditions. Our relevant products incorporate, as applicable, fine-pattern control and thick-copper designs, as well as mixed lamination of high-frequency materials and FR-4, a glass-fiber-reinforced epoxy laminate commonly used in PCBs. For relevant products, we have developed process capabilities for copper thicknesses equivalent to approximately six to 12 ounces ("**oz**"), board warpage control within approximately 0.5% and radiation-antenna dimensional accuracy within approximately 10 μm.

The following are examples of end applications and corresponding PCB products in the automotive electronics sector.

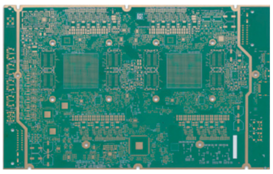
Millimeter-wave radar

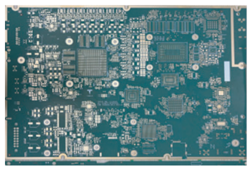
Lidar

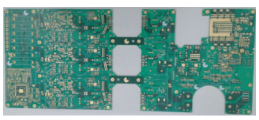
Autonomous-driving domain controller

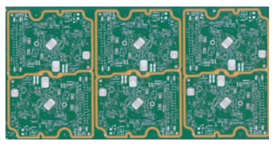
Smart-cockpit domain controller

Power-conversion system assembly

ESP

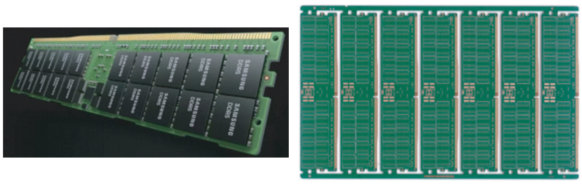
Data storage

Our data storage products principally comprise multilayer and HDI PCBs. Multilayer PCBs are used in memory modules, SSDs and HDDs, while HDI PCBs are used in higher-density data storage products where compact layouts, fine-pitch contacts and high-speed interfaces require greater routing and interconnection density. These PCBs provide the control, signal-routing and interface platform for memory modules (including dual in-line memory modules, or DIMMs, and SOCAMMs), SSDs and HDDs.

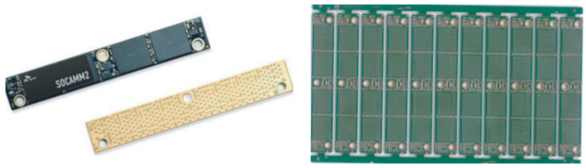
Depending on the applicable interface and customer design, our data storage products may incorporate Peripheral Component Interconnect Express ("**PCIe**") 5.0 or PCIe 6.0 structures, long and short contact fingers, double-row contacts and segmented contact fingers. We also apply ultra-low-profile copper surface-treatment processes to reduce copper-surface roughness and support signal integrity, material reliability and low-loss transmission in high-speed data storage applications.

The following are examples of end applications and corresponding PCB products in the data storage sector.

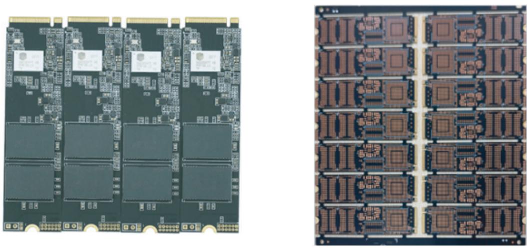
DIMM



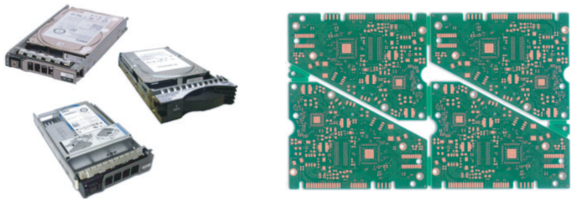
SOCAMM



SSD



HDD



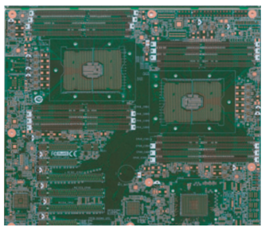
Communications and AI servers

Our products for communication and network-infrastructure applications include double-sided, multilayer and HDI PCBs. Double-sided PCBs are used in selected communications modules with relatively moderate routing requirements; multilayer PCBs are used in x86 servers, routers, switches and other data-infrastructure boards requiring multiple signal, power and ground planes; and HDI PCBs are used in compact or highly integrated network-control, antenna and other communication products. These PCBs provide the electrical-interconnection platform for data processing, switching, routing, RF transmission and amplification in x86 servers, routers, switches, 5G massive MIMO equipment and power amplifiers.

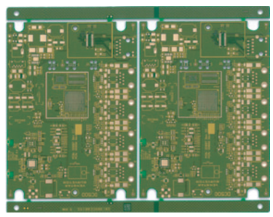
Products for these applications may require low-loss materials, precise impedance control, back-drilling, via-in-pad plated over and multi-build-up or any-layer interconnect HDI designs. We apply ultra-low-profile copper surface-treatment and other process controls to reduce conductor loss and support signal integrity. Certain products are designed for data rates ranging from approximately 56 to 224 gigabits per second ("**Gbps**"), subject to the applicable product specification.

The following are examples of end applications and corresponding PCB products for communication and network-infrastructure applications.

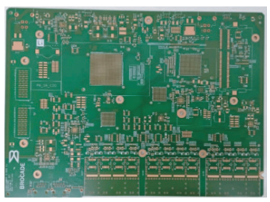
x86 server



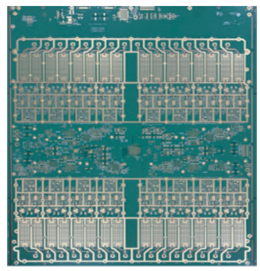
Router



Switch



5G massive MIMO

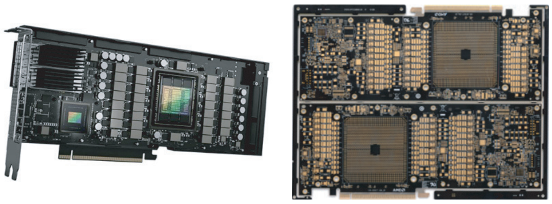


For AI server and computing-infrastructure applications, our products principally comprise high-layer-count multilayer PCBs and high-build-up HDI PCBs. High-layer-count multilayer PCBs provide the routing capacity, power and ground distribution and mechanical support required for large and complex compute and switching assemblies, while high-build-up HDI PCBs provide dense interconnection and dense routing from GPUs, application-specific integrated circuits ("**ASICs**") and other high-pin-count devices.

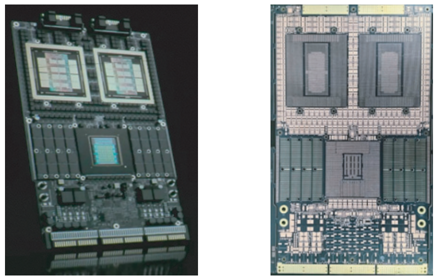
High-layer-count multilayer PCBs and high-build-up HDI PCBs can be used in GPU accelerator cards, AI compute boards and switching boards. Such products typically require dense routing, low signal loss, accurate impedance control, precise back-drilling and reliable interconnection across a large number of layers. We have achieved commercial production capability for six-build-up HDI products and 50-layer asymmetric stack-up products and have developed processing parameters for M7- to M9-grade high-speed laminate materials.

The following are examples of end applications and corresponding PCB products for AI server and computing-infrastructure applications.

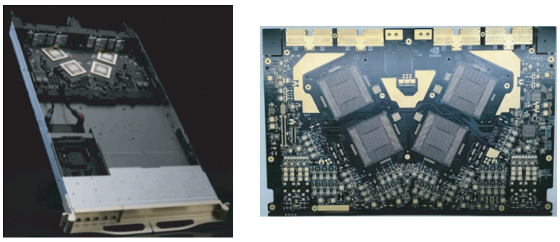
GPU accelerator card



AI compute board



AI switching board



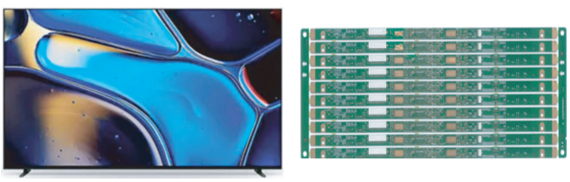
Display

Our display products comprise double-sided, multilayer and HDI PCBs. Double-sided and multilayer PCBs are used as circuit carriers in LCD, Mini LED, 4K and 8K display driver boards and other display-control products, while HDI PCBs are used where higher integration and finer routing are required, including selected OLED and in-vehicle display products. These PCBs provide electrical interconnection and mechanical support for display-driving and control components and require a combination of circuit integration, dimensional stability and accurate processing of relatively large panels.

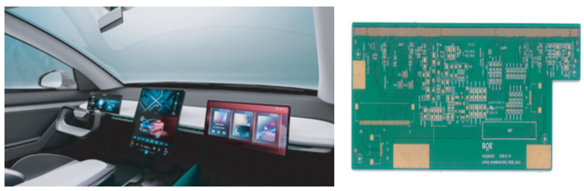
For our large-format display PCBs, we apply multiple-lamination dimensional compensation and outer-layer registration controls and have achieved dimensional variation within approximately 75 μm. These process controls are intended to support board flatness, dimensional stability and consistent assembly performance.

The following are examples of end applications and corresponding PCB products in the display sector.

4K/8K display driver board



In-vehicle display

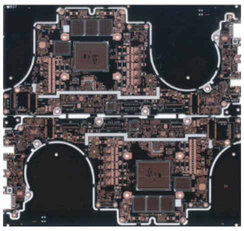


Consumer electronics

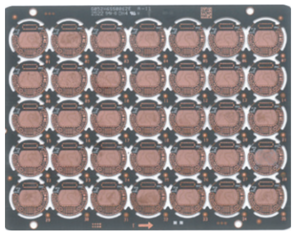
Our consumer-electronics products primarily comprise HDI PCBs and, depending on the product design, multilayer PCBs. HDI PCBs provide small vias, fine routing and high interconnection density for compact devices, while multilayer PCBs provide additional signal, power and ground layers where the product architecture requires more complex routing. Our relevant PCBs can be used in AI PCs, smart watches and AR/VR devices, serving as the interconnection and support platform for processors, memory, sensors, communications components and other electronic components. Depending on the product design, these PCBs support compact layouts, dense component placement and the transmission of increasingly complex digital signals.

The following are examples of end applications and corresponding PCB products in the consumer electronics sector.

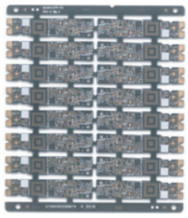
AI PC



Smart watch



AR/VR device



Other applications

Depending on the relevant end-product requirements, our double-sided, multilayer and HDI PCBs can also be used in industrial control, medical devices, green energy, robotics and other emerging applications. Double-sided PCBs may be used for relatively less complex control or interface functions, while multilayer and HDI PCBs support applications requiring additional routing, higher integration, more complex power distribution or denser component placement. Building on our experience in automotive electronics and high-performance computing, we have been developing PCBs for embodied-intelligence and robotics applications, including joint-drive control boards and main control boards.

OUR TECHNOLOGIES

Our technology capabilities cover the principal stages of the PCB product lifecycle, from material selection to process development, trial production, mass-production transfer and subsequent process optimization. Because our products are customized to customers' designs and performance requirements, product development generally requires coordinated optimization of materials, stack-up structures, manufacturing parameters and quality-control criteria. Our technology platform covers three principal areas: (1) materials technologies, (2) manufacturing-process technologies and (3) product-development technologies.

Materials Technologies

- ***Ultra-low-profile copper surface treatment***. Copper-surface roughness affects conductor loss in high-frequency and high-speed circuits. We have developed a copper-surface treatment process that reduces the arithmetic mean surface roughness ("**Ra**") from approximately 2,900 nanometers to approximately 100 nanometers, thereby reducing high-frequency conductor loss while maintaining interlayer bonding and thermal reliability. Products manufactured using this process have passed at least 500 simulated lead-free reflow cycles. This process is applicable to communication and AI server products and automotive radar products that are sensitive to signal loss and impose stringent heat-resistance requirements on high-layer-count PCBs.

- ***High-frequency and high-speed material processing***. Different low-loss materials may have different coefficients of thermal expansion and resin-flow characteristics. We apply multi-stage lamination controls to manage heating rate, pressure and curing time and to support reliable bonding between dissimilar materials. We have processed mixed multilayer structures incorporating specialized high-frequency materials, including polytetrafluoroethylene ("**PTFE**")-based materials, and continue to develop processing parameters for high-layer-count PTFE structures and M9-grade materials. These capabilities are intended to support insertion-loss, return-loss and signal-integrity requirements for higher-speed products.

Manufacturing Process Technologies

- ***Precision back-drilling and residual-stub control***. In plated through-holes, the unused portion of a via can create signal reflections at high data rates. Back-drilling removes the unused conductive barrel to reduce this effect. We have achieved residual-stub control of approximately 4 ± 2 mil and back-drilling deviation within approximately ± 75 μm. This technology is used in high-speed interconnect products such as GPU accelerator cards and switching boards.

- ***Buried-via and via-filling processes***. Buried and blind vias connect selected internal layers without extending through the entire PCB, thereby conserving routing space. We have developed processing capability for via diameters of approximately 0.15 mm and via-surface planarity deviation within approximately 10 μm. Via filling and planarization support dense routing and subsequent component assembly. We are also developing embedded-component capabilities for metal-oxide-semiconductor field-effect transistors ("**MOSFETs**"), resistors and capacitors embedded within PCBs to support increased functional integration and thermal management.

- ***Co-planar asymmetric-copper processing***. This process enables high-current or high-power areas and fine-line digital-signal areas to coexist on the same layer. Depending on the product design, local copper thickness may reach approximately 4 oz to 6 oz while other areas remain at approximately 0.5 oz to 1.0 oz. We have developed mass-production capability for 140 μm eight-layer and 210 μm six-layer products. We are further developing thermal management technologies, including 12 oz ultra-thick-copper processes, heat-dissipating inks and films, and thermally conductive copper paste for applications with higher power density.

Product Development Technologies

- ***High-layer-count HDI and microvia processing***. We use laser drilling, via filling and sequential lamination to form dense interconnections among selected layers. We have developed sample capability for up to 20-layer any-layer interconnect HDI, with interlayer registration deviation of less than approximately 30 μm. We are developing eight-build-up HDI, modified semi-additive process ("**mSAP**") fine-line processing and ultra-microvia technologies to support increasingly dense routing for AI computing, smart devices and products used in automotive advanced driver-assistance systems ("**ADAS**").

- ***Radiation-antenna dimensional control***. The dimensional accuracy of antenna arrays affects radiation frequency and performance consistency. We apply high-precision imaging and etching controls and have achieved dimensional deviation of less than approximately 10 μm for microstrip antenna arrays and less than approximately 50 μm for ridge-waveguide antenna structures. These technologies are relevant to automotive millimeter-wave radar and 5G antenna boards.

- ***Cavity and blind-slot processing***. We use precision routing to form recessed structures in the PCB for semi-embedded component assembly. Cavity structures can reduce overall assembly thickness and are used in automotive modules and high-density consumer-electronics products.

RESEARCH AND DEVELOPMENT

Research and Development Team

Research and development supports our product qualification, process advancement and product-mix upgrade. We focus our research and development resources on customer-driven product development, new materials, advanced interconnection structures, high-frequency and high-speed transmission, thermal management, process automation and manufacturing yield. Our research and development activities are led by our research and development center and are carried out with the participation of engineering, quality, sales and supply-chain personnel at our Huangshi, Kunshan and Thailand production bases.

As of June 30, 2026, our research and development team comprised 1,383 employees, of whom almost 30% had served with us for more than three years. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses were RMB122.1 million, RMB135.0 million, RMB162.5 million, RMB70.7 million and RMB108.2 million, respectively.

Research and Development Process

Our product and process development generally proceeds through market and customer-requirement assessment, feasibility analysis, design and process planning, sample production, reliability testing, customer validation and transfer to trial and mass production. The duration of a project varies with its technical complexity and customer-qualification requirements and has generally ranged from approximately six to 24 months.

- ***Market research and feasibility assessment***. Our sales, field-application engineering and research and development personnel communicate with customers to understand the intended application, electrical and mechanical specifications, material requirements and proposed product schedule. Our research and development center evaluates the proposed stack-up, materials, manufacturing route, equipment capability and principal technical risks. A project is formally initiated following the applicable internal review and approval.

- ***Design, process planning and quality assessment***. Following project initiation, a cross-functional project team prepares the product and process design, identifies key manufacturing parameters and inspection points and develops preliminary quality and reliability requirements. Where relevant, the team conducts signal-integrity, impedance, thermal or manufacturability analyses and prepares product-specific manufacturing instructions.

- ***Sample production***. We manufacture engineering samples or small-batch trial products to verify the proposed design and manufacturing route. The project team uses sample results and designed experiments to adjust materials, process parameters and inspection criteria. Samples may be submitted to the customer for technical evaluation or incorporated into the customer's own qualification program.

- ***Reliability testing and production transfer***. We conduct electrical, thermal, mechanical and other reliability tests applicable to the product and compare the results against the relevant design and customer requirements. Following successful internal and customer validation, the product progresses to trial production and, where the relevant approval criteria are satisfied, mass production. Our research and development and engineering teams continue to monitor the initial production ramp-up, yield and process capability and implement corrective or optimization measures where required.

Automotive-electronics development generally involves additional quality-planning and reliability requirements, including, where required by the customer, the production part approval process and submission of a part submission warrant before mass production. For products used in communication and AI server applications and for other high-performance products, we may work with customers and material suppliers at an early stage to assess materials, stack-up structures and process parameters and proceed through feasibility assessment, engineering samples, small-batch validation and mass-production qualification.

Key Research and Development Projects

Our research and development activities are aligned with the technical requirements of our principal application sectors. The following table sets forth selected research and development projects undertaken during the Track Record Period.

Project	Status as of the Latest Practicable Date	Description
Automotive electronics		
Embedded-component technology	In research and development	Development of board-level integration processes for MOSFETs, copper coins, resistors and capacitors to support increased integration, current-carrying capability and thermal management
Next-generation autonomous-driving products	In research and development and validation	Development and material and process qualification for next-generation autonomous-driving control boards, including those designed for the autonomous driving 5.0 platform and central control units

Project	Status as of the Latest Practicable Date	Description
Millimeter-wave radar antenna evolution	In research and development and process standardization	Development from microstrip antenna arrays towards ridge-waveguide radiation structures for fifth- to seventh-generation radar products
Thermal-management technologies	In research and development	Development of heat-dissipating ink, heat-dissipating film, thermally conductive copper paste and 12 oz ultra-thick-copper processes
Communications and AI servers		
Back-drilling residual-stub control	In research and development	Further development of processing parameters and equipment combinations for residual stub lengths below 4 mil
Higher-build-up HDI	Commercial production capability established for six-build-up HDI	Development of eight-build-up HDI and related sequential-lamination, microvia and via-filling processes
Ultra-high-layer-count technologies	Commercial production capability established for 50-layer asymmetric stack-up products	Development of 60-layer and 78-layer ultra-high-layer-count technologies
High-speed material processing	In research and development	Development of processing parameters for M9-grade copper-clad laminates incorporating Q cloth, M10-grade materials, glass-fiber-free materials and PTFE materials to support 224 Gbps-class per lane transmission
1.6T optical modules and co-packaged optics	In research and development	Development of high-precision low-loss PCBs for 1.6T optical modules and co-packaged optics, which integrate optical and electronic components in close proximity
5G-Advanced transceiver and power-amplifier boards	In research and development	Development of transmit/receive ("**TRx**") and power-amplifier PCBs for higher-frequency and wider-bandwidth communications

Project	Status as of the Latest Practicable Date	Description
Display and data storage		
Medium- and large-format OLED PCBs	In research and development	Development of materials and processes for medium- and large-format OLED products, including high-density fine lines and dimensional-stability control
Higher-build-up HDI and fine lines	In sample and customer validation stages	Development of three-build-up HDI and line widths below 50 μm for display drivers, fifth-generation double data rate ("**DDR5**") memory modules and data-center SSD products
Low Power Compression Attached Memory Module 2 ("**LPCAMM2**") and high-speed SSD products	In sample and customer validation stages	Development of compression-contact LPCAMM2 memory boards and 128 Gbps data-center SSD boards

INTELLECTUAL PROPERTY RIGHTS

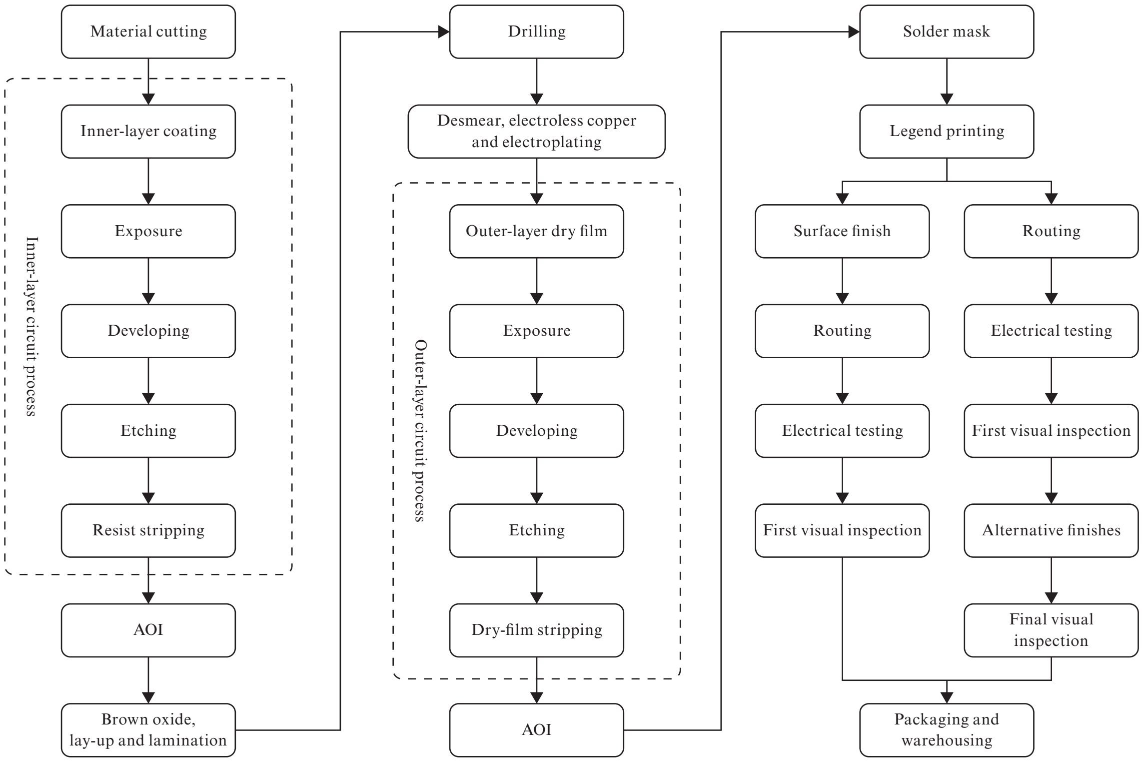
Our intellectual property is important to our product development and manufacturing operations. As of June 30, 2026, we had 124 patents, four domain names and two registered trademarks in Chinese Mainland. See "Appendix VI—Statutory and General Information—Further Information About Our Business—Our Intellectual Property Rights."

We principally obtain patents through our internal research and development activities. We protect our intellectual property through patent, trademark, copyright and trade-secret laws, confidentiality controls and contractual arrangements. Our employment agreements and related confidentiality and intellectual-property undertakings provide that service inventions, technical know-how and other work products developed by employees in the course of their employment are owned by, or are to be assigned to, our Group, subject to applicable laws. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material intellectual-property infringement claim, threatened claim or pending dispute that had a material adverse effect on our business.

PRODUCTION

Our Production Process

We manufacture different types of PCBs using production routes that vary according to the product structure, materials, layer count, interconnection design and customer requirements. Our principal production equipment includes lamination presses, mechanical and laser drilling machines, exposure machines and electroplating lines. We also use automated optical inspection equipment and various testing machines for in-process and final product inspection and quality control. The following diagram illustrates the principal steps for conventional double-sided and multilayer PCBs.



- ***Inner-layer circuit formation***. Copper-clad laminates are cut to the required dimensions and undergo surface preparation, ink coating, imaging, developing and etching to transfer the designed circuitry to the inner layers. After the residual resist is removed, automated optical inspection, or AOI, is used to compare the circuit pattern against the design data. The inner layers are then treated to enhance bonding and are laid up and laminated with prepregs to form the multilayer structure. The principal steps are described below:

  - o *Material cutting*. Large copper-clad laminate sheets and prepregs are cut to the dimensions required for subsequent processing.

  - o *Inner-layer coating or dry-film application*. A photosensitive layer is applied uniformly to the copper surface to prepare for image transfer.

  - o *Exposure*. The circuit image is transferred by exposing selected areas of the photosensitive material to light.

  - o *Developing*. Unexposed or otherwise soluble photosensitive material is removed to expose the copper areas to be etched.

  - o *Etching*. Unprotected copper is removed to form the designed inner-layer circuit pattern.
  - o *Resist stripping*. Residual resist is removed to reveal the completed circuit pattern.
  - o *AOI*. Automated optical inspection compares the circuit image against the design data and identifies opens, shorts or other pattern defects.
  - o *Brown oxide, lay-up and lamination*. The copper surface is treated to improve adhesion; inner layers and prepregs are aligned, laid up and laminated under controlled heat and pressure.

- ***Outer-layer circuit formation***. Following lamination, the panel is mechanically or laser drilled according to the interconnection design. Desmear, electroless copper plating and electroplating metallize the hole walls and establish conductive connections among the relevant layers. Dry-film imaging, developing, etching and stripping then form the outer-layer circuit pattern, which is inspected using AOI. The principal steps are described below:
  - o *Drilling*. Mechanical or laser drilling forms the holes required by the interconnection design.
  - o *Desmear, electroless copper and electroplating*. Residue is removed from the hole walls; a conductive copper seed layer is deposited and then plated to the required thickness to establish electrical interconnection.
  - o *Outer-layer dry film*. Photosensitive dry film is laminated onto the outer copper surfaces.
  - o *Exposure*. The designed circuit image is transferred to the dry film by controlled light exposure.
  - o *Developing*. Unexposed dry film is removed to reveal the areas for subsequent etching or plating.
  - o *Etching*. Unprotected copper is removed to form the required outer-layer circuit pattern.
  - o *Dry-film stripping*. Residual dry film is removed to reveal the completed circuit pattern.
  - o *AOI*. Automated optical inspection compares the outer-layer circuit against the design data and identifies potential defects.

- ***Finishing and inspection***. Solder mask and legend are applied, followed by the surface finish specified by the customer, such as electroless nickel immersion gold, hot-air solder leveling, electrolytic gold, immersion tin, immersion gold or organic solderability preservative. The panel is routed or profiled to the required dimensions, electrically tested and visually inspected. Qualified products are packaged and released for shipment. The principal steps are described below:
  - o *Solder mask*. Insulating solder-mask ink is applied to protect the circuitry and leave the required pads exposed for assembly.
  - o *Legend printing*. Component identifiers, reference markings and other information are printed on the board to support assembly and inspection.
  - o *Surface finish*. The specified metallic or organic finish is applied to exposed copper pads to prevent oxidation and support solderability or contact performance.
  - o *Routing*. Computer numerical control ("**CNC**") routing, V-cut or other methods separate the production panel into the dimensions required by the customer.

- o *Electrical testing*. Circuit networks are tested for open and short circuits against the electrical test data.
- o *Final visual inspection*. The board surface and workmanship are inspected against the applicable drawings and acceptance criteria.
- o *Alternative finishes*. Immersion tin, or organic solderability preservative may be applied depending on the customer specification.

HDI production includes the core multilayer processes described above together with laser drilling of microvias, desmear, electroless copper plating, via filling, fine-line imaging and one or more sequential build-up and lamination cycles. Depending on the design, microvias may be stacked or staggered and may be formed in component pads. Each additional build-up cycle requires precise layer-to-layer registration and controlled plating and increases the importance of process capability and yield management. Following formation of the required interconnection structure, the product proceeds through outer-layer circuit formation, solder mask, surface finishing, routing, electrical testing, final inspection and packaging.

Our Production Bases

As of June 30, 2026, we operated two production bases in Chinese Mainland and one production base in Thailand. The following table sets forth certain information on these production bases as of the same date.

Production base	Location	Production commenced	Principal products and applications	Gross floor area
Huangshi production base	Huangshi, Hubei Province, China	2017	PCBs for automotive electronics, data storage, communications and AI servers[(1)], display and consumer electronics	247,083 sq.m.
Kunshan production base	Kunshan, Jiangsu Province, China	2003	PCBs for automotive electronics, data storage, communications and AI servers, display and consumer electronics	144,786 sq.m.
Thailand production base	Prachin Buri Province, Thailand	2024	High-layer-count and HDI PCBs for communications and AI servers (including GPU, ASIC and switch modules), automotive electronics and data storage	257,773 sq.m.

(1) Expected to deploy the capability to manufacture PCBs used in GPU, ASIC and switch modules by 2027.

Production Capacity and Utilization

We continuously monitor and optimize the capacity utilization of our production bases. Capacity planning is based on market forecasts, customer orders and strategic expansion plans. The following table sets forth the details of the production capacities and utilization rates of our production bases during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(square meters, except for percentages)				
Huangshi production base					
Production capacity(1)	2,501,148	2,677,595	2,747,904	1,395,561	1,239,247
Production volume	2,336,779	2,520,595	2,481,589	1,225,349	1,204,464
Utilization rate(2)	93.4%	94.1%	90.3%	87.8%	97.2%
Kunshan production base					
Production capacity(1)	547,901	511,987	531,899	288,101	233,438
Production volume	429,991	471,215	437,707	221,113	220,094
Utilization rate(2)	78.5%	92.0%	82.3%	76.7%	94.3%
Thailand production base					
Production capacity(1)	—	26,688	494,468	238,934	155,305
Production volume	—	17,750	337,593	152,539	118,339
Utilization rate(2)	—	66.5%	68.3%	63.8%	76.2%
Overall utilization rate	**90.7%**	**93.6%**	**86.3%**	**83.2%**	**94.8%**

(1) Production capacity for a year or period represents the estimated maximum output, calculated based on 300 operating days per year or 150 operating days per six-month period and 24 operating hours per day. The calculation excludes production lines suspended for maintenance or technical upgrade and newly commissioned lines undergoing testing. Production capacity measured by finished-board area may also vary with changes in product mix. Higher-layer-count, HDI and other advanced PCBs generally require additional processing steps, repeated lamination or drilling cycles and longer production times than lower-complexity products. A higher proportion of such products may therefore reduce the estimated maximum output achievable within the same operating hours, even without a reduction in installed production equipment.

(2) Utilization rate is calculated by dividing production volume by production capacity for the same year or period.

Our utilization rates vary with customer ordering patterns, product mix, qualification schedules and production ramp-up. Because our PCBs are customized for specific customer orders, we may reserve, install or configure capacity before a new product reaches stable volume production. Advanced products may require longer validation, more process steps and lower initial yields, resulting in lower utilization measured by finished board area during the early ramp-up stage. Utilization generally improves as customer qualification is completed, order volume increases and production parameters and yields stabilize.

Our Thailand production base commenced commercial production in the fourth quarter of 2024 and is principally intended to support the production of higher-specification and more complex PCB products, including high-layer-count and HDI PCBs. Given the greater manufacturing complexity and more stringent process-control requirements of these products, the production base required time during 2024 and 2025 to optimize production processes, improve production efficiency, stabilize yields, train personnel and complete customer and factory qualification, resulting in relatively lower capacity utilization during its initial ramp-up period. As its production processes and operational efficiency gradually improved, its capacity utilization rate increased from 63.8% in the six months ended June 30, 2025 to 76.2% in the corresponding period in 2026.

Production Management

We principally adopt a make-to-order, sales-driven production model. Because a PCB is manufactured to a customer's specific design and is generally not interchangeable with products for other customers, our production-control personnel prepare production schedules principally by reference to confirmed purchase orders, customer forecasts, delivery requirements, material availability, process routing and the capabilities and loading of each production base. Orders are allocated among production bases and production lines according to product specifications, required processes and delivery schedule.

Outsourced Production

We perform the core stages of product engineering, process design, production management and quality control internally. Our in-house manufacturing model is intended to preserve control over product quality, process know-how and delivery. When our internal capacity for a particular process is temporarily constrained, or where production scheduling requires additional flexibility, we may engage independent third-party processors for limited, short-term and single-process work, such as certain drilling, plating or electrical-testing processes. We do not generally outsource an entire PCB production order.

We provide the applicable drawings, process specifications and quality requirements and subject the processed products to our incoming or subsequent in-process inspections. The decision to outsource takes into account available internal capacity, delivery requirements, cost and the processor's technical and quality capability.

Our agreements or purchase orders with outsourced processors typically address the following matters:

- ***Product specifications***. The purchase order specifies the quantity, price, technical specifications, process requirements, delivery time and other order-specific terms.
- ***Delivery***. The processor is required to deliver the processed products at the time and place and in the quantity specified in the purchase order, together with delivery documentation and inspection records where required. We may reject late or non-conforming deliveries, cancel the relevant order and seek compensation in accordance with the contractual terms.
- ***Payment terms***. The processor generally submits a monthly statement for reconciliation, following which it issues the relevant invoice and is paid in accordance with the agreed credit terms.
- ***Rejection and reprocessing***. If the processed products do not comply with the agreed quantity, quality or technical requirements, we may reject them or require replacement, reprocessing or return.
- ***Process changes***. A processor is required to notify us in advance of changes that may affect the product, quality or safety characteristics and obtain our written approval where required.

In 2023, 2024, 2025 and the six months ended June 30, 2026, we incurred outsourced-processing costs of RMB99.3 million, RMB211.2 million, RMB247.6 million and RMB164.7 million, respectively, representing 3.5%, 6.6%, 6.5% and 6.7% of our cost of sales for the respective periods.

During the Track Record Period and up to the Latest Practicable Date, all of our outsourced processors were independent third parties, and none had any relationship with our Company, our subsidiaries, any Shareholder holding 5% or more of our issued Shares, or any of our Directors, senior management or their respective associates, other than the ordinary-course processing arrangements described above.

QUALITY CONTROL

We have established a quality-management framework covering product development, supplier qualification, incoming material control, production-process control, in-process and final inspection, reliability testing, shipment release and customer feedback. Our quality requirements are incorporated into product-specific manufacturing instructions and inspection plans, and relevant production and quality data are recorded to support traceability and corrective action. We conduct internal audits, management reviews, quality training and process-data analysis to identify and address recurring defects and process variation.

Our production bases use inspection and monitoring tools such as AOI, automated visual inspection, electrical testing, statistical process control and manufacturing execution systems, as applicable to the relevant process. Non-conforming materials or products are segregated and reviewed, and corrective and preventive actions are implemented according to the nature and root cause of the issue. We have obtained and maintain International Organization for Standardization ("**ISO**") 9001 quality-management, ISO 14001 environmental-management, International Automotive Task Force ("**IATF**") 16949 automotive quality-management and IEC Quality Assessment System for Electronic Components ("**IECQ**") QC 080000 hazardous-substance process-management certifications at the relevant production bases.

SALES AND MARKETING

During the Track Record Period, a substantial portion of our revenue was generated from customers located outside Chinese Mainland. The following table sets forth a breakdown of our revenue by geographic market based on the location to which our products were delivered for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Chinese Mainland (excluding China's Bonded Zones)	**767,284**	**21.0**	**856,972**	**20.8**	**1,157,742**	**24.4**	**464,443**	**21.3**	**821,159**	**28.2**
Outside Chinese Mainland	**2,888,968**	**79.0**	**3,266,645**	**79.2**	**3,594,598**	**75.6**	**1,720,334**	**78.7**	**2,090,885**	**71.8**
Other parts of Asia	1,181,529	32.4	1,077,793	26.1	1,452,408	30.5	664,235	30.4	820,262	28.1
Europe	782,435	21.4	752,784	18.3	699,900	14.7	349,808	16.0	355,458	12.2
the Americas	370,364	10.1	500,052	12.1	490,326	10.3	232,142	10.6	372,206	12.8
Africa	5,338	0.1	3,468	0.1	2,955	0.1	2,018	0.1	1,869	0.1
China's Bonded Zones	549,302	15.0	932,548	22.6	949,009	20.0	472,131	21.6	541,090	18.6
Total	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**

China's Bonded Zones

China's Bonded Zones are a type of special customs supervision area established to facilitate transit trade, export processing, warehousing and international transportation. Enterprises operating within such zones are subject to direct customs supervision and may benefit from preferential arrangements. Our customs-related obligations in respect of products sold into China's Bonded Zones are discharged upon completion of delivery and the relevant customs declaration procedures. We do not bear any subsequent customs or tax obligations arising from the onward movement of such products by our downstream customers, including any import tariffs or other import-related taxes that may be imposed by the jurisdiction to which such products are subsequently transported.

Our products sold to China's Bonded Zones were substantially the same as those sold to overseas markets in terms of product quality and production processes, except for differences in technical specifications based on specific customer requirements. We generally sold products to China's Bonded Zones at the direction of our customers as part of their logistics and supply chain arrangements.

Sales Channels

We principally sell directly to electronic product manufacturers. Our direct customers include (1) brand owners or other manufacturers of end products and (2) electronics manufacturing services, or EMS, providers that manufacture or assemble products for brand owners. Products sold through our direct-sales channel are generally customized to the customer's specifications. Direct engagement enables our sales and engineering personnel to participate in technical discussions, product qualification and new-product introduction and to respond to changes in product design, demand and delivery schedules.

We also sell a limited proportion of our PCB products to trading companies and other PCB manufacturers. Trading companies may facilitate commercial, logistics or customer-service arrangements in certain overseas markets. Other PCB manufacturers may purchase products from us to supplement their own capacity or process capability. These customers purchase the products from us as principals, and we recognize revenue from the sale to them. Separately, we engage a limited number of sales agents that provide market-development and customer-communication support for certain direct-sales relationships but do not purchase our products. See "—Marketing—Sales Agents."

The following table sets forth a breakdown of our PCB revenue by sales channel for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Direct sales[(1)]	3,489,287	98.7	3,861,057	97.9	4,311,010	97.1	1,990,678	97.0	2,652,899	97.9
Trading companies and other PCB manufacturers	45,674	1.3	84,310	2.1	128,031	2.9	62,107	3.0	55,647	2.1
Total	**3,534,961**	**100.0**	**3,945,367**	**100.0**	**4,439,041**	**100.0**	**2,052,785**	**100.0**	**2,708,546**	**100.0**

(1) Revenue generated from direct sales involving sales agents was RMB3,171.4 million, RMB3,255.3 million, RMB3,366.7 million, RMB1,587.9 million and RMB1,303.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Direct sales

Under our direct-sales model, we sell to customers in automotive electronics, data storage, communications and AI servers, display, consumer electronics, as well as other sectors. The customer generally provides product-design files, technical specifications, quality and reliability requirements and expected demand. Our sales, field-application engineering, research and development, engineering, quality and production personnel may participate in technical review, manufacturability assessment, sample production, validation and mass-production ramp-up. We typically enter into framework purchase, quality or confidentiality agreements with customers, with individual products, quantities, prices and delivery schedules specified in purchase orders or other order documents. The principal terms generally include the following:

- *Term and termination*. Framework agreements generally have a stated term or continue until terminated in accordance with their terms. They may be extended by mutual agreement and may be terminated for material breach, insolvency or other specified events, subject to the applicable notice and cure provisions.
- *Pricing*. Prices are generally agreed for individual products or orders, taking into account the specifications, expected manufacturing cost, order volume, delivery requirements and market conditions. Prices may be adjusted periodically by agreement.

- *Payment and credit terms*. We generally issue an invoice following delivery or customer acceptance, as applicable. Credit terms vary by customer and are generally two to four months from the relevant invoice or settlement date.

- *Delivery and logistics*. We deliver products to the location specified by the customer or to an agreed hub, a vendor-managed inventory ("**VMI**") location or a consignment location. We primarily engage third-party logistics service providers to transport finished products that have passed quality inspections from our production bases directly to the relevant delivery locations or through designated warehouses. The transfer of control and the corresponding revenue-recognition point depend on the applicable contractual and delivery terms. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in the delivery of our products or incur any material loss arising from late delivery or mishandling of products by our logistics service providers.

- *Confidentiality and intellectual property*. The parties are generally required to protect technical, commercial and other confidential information. The ownership and permitted use of customer designs, our process know-how and project deliverables are governed by the applicable agreement.

Sales to trading companies and other PCB manufacturers

In addition to direct sales, we sell a limited proportion of our products to (1) trading companies and (2) other PCB manufacturers. Trading companies generally place purchase orders based on demand from their downstream customers and may assist with commercial coordination, logistics or local service in markets not directly covered by our sales network. Other PCB manufacturers may purchase products from us when they face temporary capacity constraints, cost considerations or a mismatch between their internal process capability and customer requirements. These customers take title to, and bear the commercial risks associated with, the products purchased from us. We do not impose sales quotas or inventory requirements on them, and our transactions are generally conducted on an order-by-order basis.

Accordingly, we believe the risk of channel stuffing arising from sales to trading companies and other PCB manufacturers is limited. During the Track Record Period, revenue generated from such customers represented an insignificant portion of our total revenue. These transactions constitute ordinary buyer-seller relationships and are conducted on a firm, order-by-order basis, under which the relevant customers take title to the products and bear the associated commercial risks, without any sales quotas or inventory-loading requirements imposed by us. In addition, PCB products are generally manufactured according to customer-specific technical specifications and intended applications and are therefore not readily fungible. As a result, such customers generally place orders based on identified downstream demand or actual production needs and have limited commercial incentive to purchase or accumulate products in excess of such demand or needs.

Pricing

We price our PCB products on a product-specific basis using a combination of cost and market considerations. Principal factors include the layer count and stack-up, HDI build-up, materials, board dimensions, line width and spacing, drilling and plating requirements, surface finish, quality and reliability requirements, expected yield, order volume, delivery schedule, customer relationship and prevailing competitive conditions. Following technical and cost review, our sales personnel submit quotations through the applicable internal approval process. Because PCBs are customized, prices vary across product numbers and customer orders. We may negotiate quarterly, annual or project-specific price adjustments to reflect changes in raw-material prices, product maturity, order volume, yield improvement, capacity utilization and market conditions. We seek to offset pricing pressure through product-mix enhancement, procurement management, process optimization, automation and yield improvement, but may not always be able to pass cost increases to customers in full or without delay.

Marketing

We pursue customer development by application sector and geographic market. Our principal methods include direct engagement by our sales and technical personnel and support from our overseas offices and sales agents. We incur limited expenditure on broad-based advertising. A new customer or product program generally progresses through target-customer identification, preliminary commercial and technical discussions, supplier or factory qualification, design-for-manufacturability review, sample production, reliability testing, customer validation, small-batch production and mass-production approval. The duration depends on the application and customer. Qualification for automotive-electronics customers is generally more extensive than for many other applications and may take approximately two to three years, while the order cycle of an automotive program may generally extend for approximately three to five years. We seek to participate early in customers' product-development cycles so that we can prepare materials, processes and capacity and build long-term customer relationships.

Sales agents

We engage a limited number of sales agents to assist with market development, business communication and customer-service coordination for certain direct-sales customers. Sales agents do not purchase or resell our products and do not participate as principals in pricing, order acceptance, manufacturing, delivery or collection. We enter into sales contracts directly with the relevant customers and pay the agent a commission or market-development fee under the applicable agreement. Revenue from direct-sales customers supported by sales agents was RMB3,171.4 million, RMB3,255.3 million, RMB3,366.7 million, RMB1,587.9 million and RMB1,303.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. During the Track Record Period, none of our Directors, senior management, their respective associates or Shareholders holding 5% or more of our issued Shares had any interest in any of our sales agents.

We do not rely on sales agents for order fulfillment, inventory management, delivery or collection. Commission is generally calculated based on net sales actually received from the supported customer, at a rate ranging from 0.1% to 7.0%.

Distinction between sales agents and trading companies

Our sales agents provide support services only and differ from trading companies that purchase and resell products. The principal distinctions are as follows:

- *Contracting party*. We enter into the sales contract directly with the customer.
- *Customer relationship*. We and the sales agent may jointly develop and maintain the relevant customer relationship, but the commercial and contractual relationship for the product sale remains between us and the customer.
- *Scope of services*. A sales agent may assist with market development, customer communication and after-sales coordination. It may not accept orders, quote prices or make delivery commitments on our behalf without our authorization.
- *Risk allocation*. A sales agent does not participate in delivery or collection and does not bear inventory, product-quality or receivables risk in respect of the sale.

Principal terms of sales agency agreements

We generally enter into written agreements with sales agents. The principal terms typically include:

- *Appointment, territory and services*. The sales agent promotes our products within the specified territory and for designated customer accounts, which may be adjusted by mutual agreement. Customer resources are not exclusive to the agent and may be jointly developed and maintained by us and the agent. The agent principally identifies customer demand, facilitates commercial communications and, where appropriate, assists with quality follow-up, collection of receivables without receiving customer payments, new orders and product discussions.

- *Direct sales relationship and authority*. Customers place orders directly with, and make payments directly to, us. The agent does not purchase or resell our products, enter into sales contracts, participate in production or delivery or collect payments on our behalf. It may not accept orders, issue quotations or make delivery commitments in our name without our prior approval.

- *Commission*. Commission rates are specified in the relevant agreement and may be adjusted by mutual agreement. Commission is generally calculated based on net sales proceeds actually received from the relevant customer, after deducting product returns, quality claims, freight and applicable taxes, and becomes payable only after we have collected the corresponding receivable.

- *Term and termination*. Our standard agreement generally has a term of one year to five years and may be terminated by either party on at least 30 working days' prior written notice. We may terminate immediately upon specified events, including the agent's insolvency, liquidation or dissolution, a material change in its shareholding or business, disposal of material assets or breach of the agreement. Commission remains payable for qualifying orders effective before termination, and we may continue to serve the relevant customers directly or appoint another agent.

- *Confidentiality and conduct*. The agent must protect our confidential information, trade secrets and brand image, refrain from diverting designated customers to other manufacturers and comply with applicable laws, customer requirements and our business-conduct policies, including anti-bribery requirements. The agent is responsible for the conduct of its personnel, and a material breach may result in immediate termination.

Absence of material reliance on sales agents

Although revenue from direct-sales customers supported by sales agents represented a significant proportion of our revenue during the Track Record Period, such revenue was generated from product sales directly to our customers, rather than sales to the agents themselves. Our sales agents provide market development, business-communication and customer-service coordination support, complementing our own sales and technical resources. We remain the contracting party responsible for supplying the products to the relevant customers. According to the F&S Report, the engagement of sales agents to provide such support is consistent with customary practice in the PCB industry, particularly for manufacturers serving customers across multiple geographic markets. Our Directors are of the view that we do not have any material reliance on sales agents, taking into account the following: (1) customers place orders directly with, and make payments directly to, us, and the underlying commercial and contractual relationships remain between us and the customers; (2) sales agents generally do not purchase or resell our products, take title to them or participate as principals in pricing, order acceptance, manufacturing, delivery or collection, and we do not rely on them for order fulfillment, inventory management, delivery or collection; (3) we maintain our own sales and technical personnel who participate in customer development, technical discussions and product qualification, while our sales and quality teams coordinate customer feedback and quality claims; and (4) under our standard sales agency arrangements, customer resources are not exclusive to the agents, and, following termination of an agency agreement in accordance with its terms, we continue to serve the relevant customers directly or appoint another agent.

Product Returns, Customer Feedback and Services

Our sales and quality teams coordinate the handling of customer feedback and quality claims. Where a product is returned for analysis or rework, it is identified and segregated, reviewed against the relevant product and process records and, where appropriate, reworked in accordance with an approved instruction and re-inspected before reshipment. We conduct root-cause analysis and implement corrective and preventive actions where a quality issue is confirmed. During the Track Record Period, we experienced product returns and exchanges primarily in connection with product quality issues and/or products that did not meet customers' specifications. The value of products returned was RMB1.0 million, RMB1.3 million, RMB3.1 million and RMB5.2 million in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return, replacement, customer complaint or product-liability claim that had a material adverse effect on our business, and we did not incur material warranty costs or make a material warranty provision.

CUSTOMERS

During the Track Record Period, our customers principally comprised (1) direct customers, including brand owners, other end-product manufacturers and EMS providers, and (2) customers purchasing through our other sales channels, including trading companies and other PCB manufacturers.

In 2023, 2024, 2025 and the six months ended June 30, 2026, our revenue from the five largest customers in each period during the Track Record Period in total was RMB1,823.7 million, RMB1,775.1 million, RMB1,814.1 million and RMB1,009.5 million, respectively, accounting for 49.9%, 43.0%, 38.2% and 34.7% of our total revenue in the same periods, respectively. In the same periods, our revenue from the single largest customer in each period during the Track Record Period was RMB636.9 million, RMB567.6 million, RMB543.9 million and RMB281.9 million, respectively, accounting for 17.4%, 13.8%, 11.4% and 9.7% of our total revenue in the same periods, respectively.

The following tables set forth the details of the five largest customers in each period during the Track Record Period.

Customers	Products provided	Type of customer	Background	Year of commencement of business relationship	Payment method	Credit period	Revenue	Percentage of total revenue
							(RMB in thousands)	*(%)*
For the year ended December 31, 2023								
Customer A	PCBs	Direct customer	Headquartered in Frankfurt, Germany, and principally engaged in providing hardware and software solutions for vehicles	2013	Bank transfer	140 days	636,887	17.4
Customer B	PCBs	Direct customer	Headquartered in Florida, the United States, and principally engaged in providing engineering, manufacturing and supply chain solutions	2014	Bank transfer	60 days	466,673	12.8
Customer C	PCBs	Direct customer	Located in Levallois-Perret, France, and principally engaged in the design, development and manufacture of automotive technologies and systems	2012	Bank transfer	90 days	321,760	8.8
Customer D	PCBs	Direct customer	Located in Stuttgart, Germany, and principally engaged in providing mobility solutions, industrial technology, consumer goods, and energy and building technology	2011	Bank transfer	90 days	200,476	5.5

Customers	Products provided	Type of customer	Background	Year of commencement of business relationship	Payment method	Credit period	Revenue	Percentage of total revenue
							(RMB in thousands)	*(%)*
Customer E	PCBs	Direct customer	Headquartered in Seoul, South Korea, and principally engaged in the electronics, chemicals, and telecommunications businesses	2005	Bank transfer	95 days	197,865	5.4
For the year ended December 31, 2024								
Customer A	PCBs	Direct customer	Headquartered in Frankfurt, Germany, and principally engaged in providing hardware and software solutions for vehicles	2013	Bank transfer	100 to 140 days	567,551	13.8
Customer B	PCBs	Direct customer	Headquartered in Florida, the United States, and principally engaged in providing engineering, manufacturing and supply chain solutions	2014	Bank transfer	75 days	394,740	9.6
Customer D	PCBs	Direct customer	Located in Stuttgart, Germany, and principally engaged in providing mobility solutions, industrial technology, consumer goods, and energy and building technology	2011	Bank transfer	90 days	327,586	7.9
Customer C	PCBs	Direct customer	Located in Levallois-Perret, France, and principally engaged in the design, development and manufacture of automotive technologies and systems	2012	Bank transfer	90 days	319,145	7.7
Customer E	PCBs	Direct customer	Headquartered in Seoul, South Korea, and principally engaged in the electronics, chemicals, and telecommunications businesses	2005	Bank transfer	95 days	166,047	4.0
For the year ended December 31, 2025								
Customer A	PCBs	Direct customer	Headquartered in Frankfurt, Germany, and principally engaged in providing hardware and software solutions for vehicles	2013	Bank transfer	100 to 140 days	543,915	11.4
Customer D	PCBs	Direct customer	Located in Stuttgart, Germany, and principally engaged in providing mobility solutions, industrial technology, consumer goods, and energy and building technology	2011	Bank transfer	90 days	370,415	7.8
Customer B	PCBs	Direct customer	Headquartered in Florida, the United States, and principally engaged in providing engineering, manufacturing and supply chain solutions	2014	Bank transfer	75 days	364,894	7.7
Customer C	PCBs	Direct customer	Located in Levallois-Perret, France, and principally engaged in the design, development and manufacture of automotive technologies and systems	2012	Bank transfer	90 days	297,987	6.3
Customer F	PCBs	Direct customer	Headquartered in Taiwan Province of China, and principally engaged in the design and manufacture of computing, communication and consumer electronics products	2012	Bank transfer	90 days	236,884	5.0
For the six months ended June 30, 2026								
Customer A	PCBs	Direct customer	Headquartered in Frankfurt, Germany, and principally engaged in providing hardware and software solutions for vehicles	2013	Bank transfer	100 to 140 days	281,940	9.7
Customer B	PCBs	Direct customer	Headquartered in Florida, the United States, and principally engaged in providing engineering, manufacturing and supply chain solutions	2014	Bank transfer	90 days	243,535	8.4
Customer D	PCBs	Direct customer	Located in Stuttgart, Germany, and principally engaged in providing mobility solutions, industrial technology, consumer goods, and energy and building technology	2011	Bank transfer	90 days	197,981	6.8
Customer C	PCBs	Direct customer	Located in Levallois-Perret, France, and principally engaged in the design, development and manufacture of automotive technologies and systems	2012	Bank transfer	90 days	143,429	4.9
Customer G	PCBs	Direct customer	Located in Taiwan Province of China, and principally engaged in the design and manufacture of computing, communication and consumer electronics products	2016	Bank transfer	90 days	142,617	4.9

To the best of our knowledge, all of our five largest customers in each period during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each period during the Track Record Period.

SUPPLY CHAIN

Raw Materials

Our principal raw materials, which we primarily source from Chinese Mainland, include copper-clad laminates, prepregs, gold salts, copper foil, copper balls or powder, dry films, inks, chemical solutions and other auxiliary materials. Raw-material requirements vary by product specification and may be affected by the layer count, material grade, copper thickness, surface finish and reliability requirements. We operate a centralized procurement framework, with procurement personnel at our production bases responsible for order execution and local coordination. For principal materials, we generally maintain at least two qualified suppliers unless a customer designates a particular source. During the Track Record Period and up to the Latest Practicable Date, we did not experience a material shortage of principal raw materials or a material quality issue with supplier-provided materials that had a material adverse effect on our operations.

Inventory Management

We monitor our inventory levels with reference to customer orders, sales forecasts and production requirements, and adjust our procurement and production plans accordingly. We also regularly review the condition, aging and turnover of our inventories to identify slow-moving or obsolete items and take appropriate follow-up measures, including inventory clearance and making provisions where necessary.

Suppliers

We select and manage suppliers under our supplier and material approval procedures. The procurement department collects and reviews information on the supplier's legal status, scale, manufacturing location, product range, capacity, delivery capability, track record and commercial terms. A supplier is generally required to be the original manufacturer or an authorized distributor. Our material-quality or quality personnel assess the supplier's management and quality systems and may arrange material trials, sample testing, process audits or factory assessments before approval. Suppliers that satisfy the applicable requirements are included in our qualified supplier list. We monitor approved suppliers with reference to quality, delivery, price and service performance and may require corrective action or adjust the procurement allocation where performance does not meet our requirements.

We generally purchase under framework agreements and individual purchase orders. The principal terms typically include:

- ***Product specifications***. Individual purchase orders specify the quantity, price, material grade or specification, delivery schedule and other order-specific requirements.
- ***Pricing and payment***. We generally compare quotations from two or more qualified suppliers where practicable. Pricing may be adjusted by agreement to reflect changes in the relevant commodity, material or market conditions. Suppliers submit statements and invoices for reconciliation and are paid in accordance with the agreed credit terms.
- ***Delivery and logistics***. Suppliers are required to deliver the materials at the agreed time and place and provide the applicable delivery and inspection documentation. We may reject late or non-conforming deliveries, cancel the relevant purchase order or seek compensation in accordance with the contractual terms.
- ***Rejection and replacement***. Materials that do not comply with the agreed quantity, quality or specification may be rejected, replaced or returned.
- ***Change control***. Suppliers are required to notify us in advance of changes that may affect material characteristics, quality, safety or production location and obtain our written approval where required.

Major Suppliers

Our major suppliers principally comprise suppliers of copper-clad laminates, prepregs, gold salts, copper balls, copper foil and other raw materials. The purchases from our top five suppliers in each period during the Track Record Period were RMB737.1 million, RMB919.3 million, RMB1,220.7 million and RMB904.0 million, respectively, representing 41.5%, 40.1%, 42.2% and 45.3% of our total purchases in the same periods, respectively. The purchases from our largest supplier in each period during the Track Record Period were RMB188.9 million, RMB272.7 million, RMB386.7 million and RMB282.6 million, respectively, representing 10.6%, 11.9%, 13.4% and 14.2% of our total purchases in the same periods, respectively.

The following tables set forth the details of our top five suppliers in each period during the Track Record Period.

Supplier	Purchase amount	Percentage of total purchases	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Type of supplier	Location
	(RMB in thousands)	*(%)*						
For the year ended December 31, 2023								
Supplier A	188,944	10.6	2009	110 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other electronic materials used in PCBs	Copper-clad laminates and prepregs	Taiwan Province of China
Supplier B	152,607	8.7	2019	Upon acceptance	Wire transfers/ bills payable	Manufacturing and sales of thin-film sputtering materials, electroplating chemicals and specialty chemicals, as well as provision of electroplating processing services	Gold salts	Jiangsu Province, China
Supplier C	150,912	8.5	2013	110 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other electronic circuit materials	Copper-clad laminates and prepregs	Jiangsu Province, China
Supplier D	144,010	8.1	2017	110 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other high-performance materials used in PCBs	Copper-clad laminates and prepregs	Jiangsu Province, China
Supplier E	100,599	5.6	2017	Upon acceptance	Wire transfers/ bills payable	Manufacturing and sales of copper-based materials for the electronics industry	Copper balls and copper oxide powder	Jiangxi Province, China
For the year ended December 31, 2024								
Supplier A	272,749	11.9	2009	110 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other electronic materials used in PCBs	Copper-clad laminates and prepregs	Taiwan Province of China
Supplier B	195,822	8.6	2019	Upon acceptance	Wire transfers/ bills payable	Manufacturing and sales of thin-film sputtering materials, electroplating chemicals and specialty chemicals, as well as provision of electroplating processing services	Gold salts	Jiangsu Province, China
Supplier E	160,664	7.0	2017	Upon acceptance	Wire transfers/ bills payable	Manufacturing and sales of copper-based materials for the electronics industry	Copper balls and copper oxide powder	Jiangxi Province, China
Supplier C	154,719	6.7	2013	110 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other electronic circuit materials	Copper-clad laminates and prepregs	Jiangsu Province, China
Supplier D	135,394	5.9	2017	110 to 140 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other high-performance materials used in PCBs	Copper-clad laminates and prepregs	Jiangsu Province, China

Supplier	Purchase amount	Percentage of total purchases	Year of commencement of business relationship	Credit period	Payment method	Principal business activities	Type of supplier	Location
	(RMB in thousands)	*(%)*						
For the year ended December 31, 2025								
Supplier A	386,667	13.4	2009	110 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other electronic materials used in PCBs	Copper-clad laminates and prepregs	Taiwan Province of China
Supplier B	319,363	11.0	2019	Upon acceptance	Wire transfers/ bills payable	Manufacturing and sales of thin-film sputtering materials, electroplating chemicals and specialty chemicals, as well as provision of electroplating processing services	Gold salts	Jiangsu Province, China
Supplier E	211,867	7.3	2017	Upon acceptance	Wire transfers/ bills payable	Manufacturing and sales of copper-based materials for the electronics industry	Copper balls and copper oxide powder	Jiangxi Province, China
Supplier F	155,497	5.4	2018	110 to 140 days	Wire transfers/ bills payable	Provision of EMS, including original equipment manufacturing and original design manufacturing services for electronic products	Copper foil and copper-clad laminates	Taiwan Province of China
Supplier D	147,317	5.1	2017	110 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other high-performance materials used in PCBs	Copper-clad laminates and prepregs	Jiangsu Province, China
For the six months ended June 30, 2026								
Supplier A	282,637	14.2	2009	110 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other electronic materials used in PCBs	Copper-clad laminates and prepregs	Taiwan Province of China
Supplier B	243,667	12.2	2019	Upon acceptance	Wire transfers/ bills payable	Manufacturing and sales of thin-film sputtering materials, electroplating chemicals and specialty chemicals, as well as provision of electroplating processing services	Gold salts	Jiangsu Province, China
Supplier E	147,128	7.4	2017	Upon acceptance	Wire transfers/ bills payable	Manufacturing and sales of copper-based materials for the electronics industry	Copper balls and copper oxide powder	Jiangxi Province, China
Supplier G	132,144	6.6	2012	80 to 110 days	Wire transfers/ bills payable	Manufacturing and sales of plastic products, chemicals, electronic materials, polyester products and other related products	Copper-clad laminates and prepregs	Jiangsu Province, China
Supplier C	98,388	4.9	2013	110 days	Wire transfers/ bills payable	Manufacturing and sales of copper clad laminates, prepregs and other electronic circuit materials	Copper-clad laminates and prepregs	Jiangsu Province, China

Our Directors confirm that we had not experienced any material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers in each period during the Track Record Period.

TARIFFS, SANCTIONS AND U.S. OUTBOUND INVESTMENT SECURITY REGULATIONS

Tariffs

In early 2025, the U.S. government introduced a series of tariff and trade measures primarily targeting China, which were followed by retaliatory measures imposed by China. During the Track Record Period, additional tariffs imposed by the U.S. on imports from China reached a peak rate of 145%, while additional tariffs imposed by China on imports from the U.S. reached a peak rate of 125%. As of the Latest Practicable Date, with respect to our export destinations, PCBs exported from Chinese Mainland to the U.S. were subject to a 25% Section 301 duty as items listed in List 3 and a 12.5% Section 301 duty based on "forced labor" following the termination of reciprocal tariffs and Fentanyl-related tariffs in February 2026. With respect to our procurement of raw materials, we have not experienced any influence on our purchase prices as a result of changes in import tariffs.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material adverse changes in our order volume, pricing, customer payment arrangements or logistics arrangements as a result of U.S. tariff measures, nor had we received any requests from customers to renegotiate sales agreements, cancel orders or suspend product deliveries due to such tariffs. In addition, to the best of our knowledge, such U.S. tariff measures had not had any material adverse indirect impact on the businesses or results of operations of our major customers.

Sanctions

Our international operations and sales activities expose us to risks arising from economic sanctions and other restrictive measures imposed by the United States, the European Union, the United Kingdom, Australia, the United Nations and other relevant jurisdictions (collectively, the "**Sanctions Laws**"). Sanctions Laws may restrict or prohibit dealings with designated countries, territories, governments, entities, individuals, vessels or aircraft, and may impose restrictions on financial transactions, trade, investment, the provision of services and other commercial activities. Sanctions Laws are subject to change, and differences in their scope, interpretation and enforcement across jurisdictions may increase our compliance costs, restrict our ability to transact with certain customers, suppliers or other counterparties, or otherwise adversely affect our business, financial condition and results of operations.

The United States maintains various economic sanctions programs administered principally by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"). These programs include sanctions targeting designated persons, jurisdictions and activities and may restrict or prohibit transactions involving persons included on OFAC's Specially Designated Nationals and Blocked Persons List (the "**SDN List**"). Certain U.S. sanctions may also apply to, or otherwise affect, non-U.S. persons where a relevant U.S. jurisdictional nexus exists or where applicable secondary sanctions are implicated. The European Union, the United Kingdom and Australia maintain separate sanctions regimes that may impose asset freezes, restrictions on making funds or economic resources available to designated persons, and trade, financial or sector-specific restrictions. The United Nations Security Council may also adopt sanctions measures, including asset freezes, travel bans and arms embargoes, which are implemented by member states through their respective domestic legal frameworks.

After the consultation with our legal advisor as to the sanctions, our Directors are of the view that we were not designated as a sanctioned person or entity under the sanctions regimes of the United States, the European Union, the United Kingdom, Australia or the United Nations, and we did not conduct transactions with persons designated on the SDN List. Certain of our customers appeared on Non-SDN restrictive lists maintained by the U.S. governmental entities. Based on our understanding of the relevant regulatory requirements, such designations do not prohibit our commercial transactions with our customers.

Certain of our customers incorporate our PCBs into their own products and may subsequently sell or export such products to other jurisdictions. We generally do not control the ultimate destinations or end users of products sold by our customers. Accordingly, products incorporating our PCBs could subsequently be sold or exported by our customers to jurisdictions, entities or persons subject to sanctions restrictions, or otherwise be involved in transactions that may be subject to applicable Sanctions Laws. We cannot assure you that our customers or other downstream parties will comply with all applicable sanctions requirements.

U.S. Outbound Investment Security Regulations

On October 28, 2024, the U.S. Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**OISP Final Rule**"), which became effective on January 2, 2025. The OISP Final Rule establishes restrictions on certain outbound investments by U.S. persons and certain U.S.-controlled entities involving persons and entities associated with "countries of concern," including China, that engage in specified activities relating to certain national security technologies and products, including semiconductors and microelectronics, quantum information technologies and artificial intelligence (the "**Covered Activities**"). Persons and entities from countries of concern that engage in Covered Activities are referred to as "Covered Foreign Persons." The OISP Final Rule imposes prohibition or notification requirements on certain investments by U.S. persons that fall within its scope ("**Covered Transactions**"), including, among others, acquisitions of equity interests, certain debt financing arrangements, joint ventures and certain investments as a limited partner in non-U.S. pooled investment funds.

After the consultation with our legal advisor as to the OISP Final Rule, our Directors are of the view that we do not engage in Covered Activities for purposes of the OISP Final Rule, principally because we do not develop, produce or enable technologies or products in the specific sectors targeted by the OISP Final Rule, including semiconductors and microelectronics, quantum information technologies and artificial intelligence. Additionally, we do not have any shareholders or key management personnel who are U.S. persons; and the acquisition of our H Shares that are [REDACTED] by U.S. persons following the [REDACTED] is exempted under the OISP Final Rule. Thus, our Directors are of the view that neither (1) the [REDACTED] for our H Shares by U.S. persons in the [REDACTED], nor (2) the purchase and [REDACTED] of our H Shares by U.S. persons on the Stock Exchange following the [REDACTED] constitutes a Covered Transaction under the OISP Final Rule or is otherwise subject to any prohibition or notification requirement thereunder. In light of the foregoing, our Directors are of the view that the OISP Final Rule will not have a material adverse impact on our business operations, financial performance, the [REDACTED] or our investment prospects.

THIRD-PARTY PAYMENT ARRANGEMENTS

During the Track Record Period, certain of our customers, or the Relevant Customers, settled amounts due to us through third-party payors pursuant to third-party payment arrangements, or the Third-party Payment Arrangements. In 2023, 2024, 2025 and the six months ended June 30, 2026, the number of the Relevant Customers was 12, 10, 11 and three, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, the aggregate amounts settled through the Third-party Payment Arrangements were RMB183.8 million, RMB271.2 million, RMB306.2 million and RMB149.6 million, respectively, representing 5.0%, 6.6%, 6.4% and 5.1% of our total revenue for the same periods, respectively. The Third-party Payment Arrangements arose in the ordinary course of our business for various commercial, administrative and settlement-related reasons and primarily comprised payments made on behalf of certain customers, including automotive component manufacturers, by their parent companies, subsidiaries or other entities within the same corporate group as part of their centralized fund management and internal settlement arrangements. According to the F&S Report, the Third-party Payment Arrangements are in line with common industry practice. As advised by our PRC Legal Advisor, the Third-party Payment Arrangements accepted by our Company and our PRC subsidiary did not contravene any mandatory provisions of applicable PRC laws and regulations currently in force.

Our Directors confirm that, during the Track Record Period, we did not proactively initiate any Third-party Payment Arrangement. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, (1) all settlements under the Third-party Payment Arrangements were based on genuine transactions; (2) the settlement amounts under the Third-party Payment Arrangements matched the relevant transaction amounts; (3) no relevant customer claimed any interest in payments made or received through the Third-party Payment Arrangements; and (4) we did not receive any refund requests, or encounter any disputes or material claims, in connection with the Third-party Payment Arrangements.

We have adopted internal control policies governing the Third-party Payment Arrangements and issued notices to our employees requiring that, in principle, payments be made directly by the relevant contractual counterparties. In exceptional circumstances where a Third-party Payment Arrangement is necessary, our employees are required to prepare a written explanation of the circumstances giving rise to the proposed arrangement, obtain approval in accordance with our internal authorization procedures and enter into a tripartite payment agreement with the relevant contractual counterparty and the relevant third-party payor before accepting any such payment. Notwithstanding these measures, the Third-party Payment Arrangements may expose us to various risks. See "Risk Factors—Risks Relating to Our Business and Industry—We are subject to various risks relating to third-party payments."

TRANSFER PRICING

During the Track Record Period, we principally conducted our operations through our Company and subsidiaries in Chinese Mainland and overseas. Our major intra-group transactions primarily consisted of the intra-group supply of raw materials, finished products, fixed assets and technical support services among our PRC and overseas subsidiaries in Thailand and Seychelles.

We adopted the arm's length principle for pricing intra-group transactions with reference to the Organization for Economic Cooperation and Development Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, or the OECD Transfer Pricing Guidelines. Based on the nature of the relevant intra-group transactions, we primarily applied the Transactional Net Margin Method, which compares the profit margins of relevant entities in such intra-group transactions with those of comparable companies.

We engaged an independent transfer pricing consultant to perform transfer pricing review on whether our major intra-group transactions during the Track Record Period were conducted on an arm's length basis pursuant to the OECD Transfer Pricing Guidelines. Based on the analysis by the transfer pricing consultant, our Directors are of the view that (1) our transfer pricing arrangements during the Track Record Period were reasonable and consistent with the arm's length principle in all material respects; (2) such arrangements should not give rise to any material transfer pricing exposure; and (3) the risk of any material transfer pricing adjustment in respect of our major intra-group transactions is low. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material investigation, adjustment or penalty imposed by the relevant tax authorities in connection with our transfer pricing arrangements.

OVERLAPPING CUSTOMERS AND SUPPLIERS

Among our five largest suppliers during the Track Record Period, only Supplier E was also our customer. We primarily purchased copper balls and copper oxide powder from Supplier E. For details of our purchases from Supplier E, see "—Supply Chain—Major Suppliers." Our sales to Supplier E primarily comprised scrap materials containing copper, which had recycling and reuse value to Supplier E given its business in copper-based materials, including copper balls and copper oxide powder. We did not record any sales to Supplier E in 2023. Sales to Supplier E were RMB5.6 million, RMB7.6 million and RMB8.0 million in 2024, 2025 and the six months ended June 30, 2026, respectively. Our sales to and purchases from Supplier E were conducted under separate business arrangements in the ordinary and usual course of business, on normal commercial terms and following arm's length negotiations. Our Directors confirm that these transactions were not mutually conditional, did not involve any non-commercial arrangement and were genuine transactions reflecting the respective business needs of the parties.

EMPLOYEES

As of June 30, 2026, we had 6,972 employees. Our employees are primarily based in Chinese Mainland and Thailand, principally at our headquarters in Huangshi, our production base in Kunshan and our production base in Thailand. The following table sets forth a breakdown of our employees by function as of June 30, 2026.

	Number of employees	% of total
Production and quality control	4,372	62.7
Administrative and finance	926	13.3
Research and development	1,383	19.8
Sales and marketing	291	4.2
Total	**6,972**	**100.0**

Our success deeply rests with our ability to attract, retain and motivate qualified talent, with the belief that our high-quality talent pool is one of our core strengths and competitive advantages. We recruit talent using high standards and rigorous procedures and through various methods, including campus recruitment, online recruitment, internal referrals and third-party recruiters, to select the best-fit personnel for the corresponding positions in response to our various talent demands. We invest in continuing training programs, including regular and tailor-made internal and external training, for our employees to improve their professional knowledge and management skills, upgrade their skillsets and keep abreast of the industry standards in their respective positions. We offer competitive remuneration packages to our employees, which are generally based on their qualifications, industry experience, position and performance. We regularly evaluate the performance of our employees and reward well-performing employees with bonuses and promotions.

We are required by PRC social insurance and housing provident fund laws and regulations to make contributions for mandatory social insurance and housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. We did not make full contributions to the social insurance and housing provident fund for the relevant employees primarily because: (1) the relevant registration or contribution procedures could not be successfully completed for certain employees; and (2) many of our employees were not willing to bear the costs associated with social insurance and housing provident funds. See "Risk Factors—Risks Relating to Our Business and Industry—We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations."

We have maintained a good relationship, and expect to maintain an amicable relationship in the future, with our employees. During the Track Record Period and up to the Latest Practicable Date, there were no material strikes which had an adverse impact on our operations and no material disputes between our Group and our employees.

INSURANCE

We maintain insurance policies in the ordinary course of business. Our coverage includes, as applicable, property all-risk and business-interruption insurance, employers' liability and travel-related coverage, product-liability insurance for certain automotive products, cargo or transportation insurance, trade-credit insurance and directors' and officers' liability insurance. The scope and limits vary by entity, risk and policy. We review our insurance arrangements with reference to our operations and the advice of insurance advisers. During the Track Record Period, we did not make any material insurance claim.

INFORMATION SECURITY AND DATA PRIVACY

We are subject to, and have implemented measures to comply with, evolving laws and regulations relating to data security and privacy, including the Cybersecurity Law of China, the Data Security Law of China and the Personal Information Protection Law of China.

We primarily supply our products to enterprise customers and do not, through our products, collect, store or process personal or sensitive information of end users. In the ordinary course of our business, we collect, store and process certain business, transactional and operational data, including contact and business information relating to our customers and suppliers, transaction records, as well as manufacturing, inventory and other operational data. Our collection and processing of personal information are primarily limited to: (1) contact information of personnel of our customers and suppliers for business communications and transaction management; (2) visitor information for access control and management of visitors to our premises; and (3) personal information of our employees for human resources and employment administration. For personal information collected directly from individuals, including visitor and employee information, we obtain the requisite consent in accordance with our applicable privacy policies and procedures. We do not disclose or transfer data collected by us to third parties without the requisite consent, except where such disclosure or transfer is required by applicable laws and regulations or pursuant to a court, regulatory or administrative order.

During the Track Record Period and up to the Latest Practicable Date, we transferred certain personal information, including employee information, contact details and communication records, between Chinese Mainland and overseas jurisdictions, primarily Thailand, in connection with communications with overseas customers and suppliers and cross-border human resources management. Such cross-border transfers were limited in scale and were conducted for legitimate business and human resources management purposes. With respect to outbound transfers of personal information from Chinese Mainland, pursuant to the Provisions on Promoting and Regulating Cross-Border Data Flows, such transfers satisfied the applicable exemption conditions and were therefore not required to undergo (1) a security assessment for outbound data transfers, (2) the filing of standard contracts for the outbound transfer of personal information, or (3) certification for the outbound transfer of personal information.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of customer confidential information or other customer information security incident that had, or could reasonably be expected to have, a material adverse effect on our business, financial condition or results of operations.

INFORMATION TECHNOLOGY

We use information technology systems to support our make-to-order, sales-driven production model and coordinate procurement, production planning, manufacturing, quality control, inventory management and financial and administrative functions. These systems facilitate information sharing across business functions and support production monitoring, process control and traceability. Our principal information technology systems and their functions include the following:

- ***Enterprise resource planning ("ERP").*** Our ERP system supports the digital management of procurement and related business processes, facilitating the coordination of purchasing activities and operational requirements.
- ***Material requirements planning ("MRP").*** Our MRP system assists us in identifying the types and quantities of raw materials required for production and determining procurement and delivery timing by reference to production schedules and inventory availability.
- ***Supplier relationship management ("SRM").*** Our SRM system supports the management of supplier information and communication relating to procurement, order confirmations and delivery schedules.
- ***Manufacturing execution system ("MES").*** Our MES supports production monitoring, the recording of production data and product traceability. In conjunction with our quality-management and other production systems, it facilitates real-time monitoring of the production environment, retrieval of production information, collection of production data and analysis of inspection yields.

As we expand and upgrade our production capacity, we intend to further enhance automation and digital integration across order management, engineering, production planning, manufacturing, quality control, maintenance, inventory and logistics.

PROPERTIES

As of the Latest Practicable Date, our principal executive offices were located in Huangshi, China, and we operated production bases in Huangshi and Kunshan, China and in Prachin Buri Province, Thailand.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all the Group's interests in land or buildings, for the reason that, as of June 30, 2026, we had no single property with a carrying amount of 15% or more of our total assets.

As of the Latest Practicable Date, we did not have any material property leased from third parties relating to our business operations. As of June 30, 2026, we owned and occupied the land use rights of three land parcels relating to production and business operations in China, with an aggregate land area of approximately 501,097 square meters, and 27 land parcels mainly relating to production and business operations in Thailand, with an aggregate land area of approximately 262,874 square meters. As of June 30, 2026, we owned 38 buildings relating to production and business operations in China and 36 buildings in Thailand, with an aggregate gross floor area of approximately 391,869 square meters in China and approximately 276,864 square meters in Thailand, respectively.

Except for three ancillary structures at our Kunshan production base, as of June 30, 2026, we had obtained all relevant title certificates evidencing our ownership of the properties owned by us and our land use rights in respect of all land parcels occupied by us. See "Risk Factors—Risks

Relating to Our Business and Industry—Any enforcement action against certain ancillary structures at our Kunshan production base could disrupt our operations and result in additional costs and losses."

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all licenses, approvals and permits that were material to our business operations in China and overseas. Certain licenses and permits require periodic renewal, and we monitor their validity and renewal requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulty in renewing a material license, approval or permit and did not expect any material impediment to renewal.

AWARDS AND RECOGNITION

The following table sets forth selected awards and recognition received during the Track Record Period and up to the Latest Practicable Date.

Award and recognition	Year	Awarding party
Excellent Supplier Award (優秀供應商獎)	2025	an affiliate of a global technology and consumer electronics company and an affiliate of a global optical storage technology company, respectively
National Green Supply Chain Management Enterprise (國家級綠色供應鏈管理企業認證)	2024	China National Accreditation Service for Conformity Assessment
PEEP Project Special Contribution Award (PEEP 專案特別貢獻獎)	2024	a global semiconductor company
Excellent Supply Chain Award (卓越供應鏈獎)	2024	an affiliate of a Germany-based mobility and material technology group
Enterprise Leading High-quality Industrial Development (產業高品質發展領航企業)	2023	Huangshi Municipal People's Government

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against our Company or any of the Directors which could have a material and adverse effect on our financial condition or results of operations.

Compliance

We are subject to various regulatory requirements and guidelines issued by regulatory authorities in China. During the Track Record Period and as of the Latest Practicable Date, we did not commit any material non-compliance with the laws and regulations, and we did not experience any material non-compliance incident, which, taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, results of operations or financial condition. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in all material respects in China.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is responsible for the overall effectiveness of our risk management strategy, establishing our internal control system and reviewing its effectiveness. We have established and maintain risk management and internal control systems consisting of policies and procedures that are appropriate for our business operations, and we are dedicated to continuously improving and implementing these systems to ensure our policies and implementation are effective and sufficient.

In preparation for the [REDACTED], we have engaged an independent third-party consultant to perform a review over selected areas of our internal controls over financial reporting (the "**Internal Control Review**"). The selected areas of our internal controls over financial reporting that were reviewed by the independent third-party consultant included entity-level controls and business process level controls, including: (1) sales, accounts receivable and collection; (2) procurement, accounts payable and payment; (3) inventory management; (4) production and costing; (5) research and development; (6) human resource and payroll; (7) fixed and intangible assets management; (8) cash and treasury management; (9) financial reporting and disclosure controls; (10) tax management; (11) insurance management; (12) related party transaction management and (13) IT general controls.

The independent third-party consultant performed the follow-up reviews over the status of the management actions taken by us to address the findings of the Internal Control Review (the "**Follow-up Review**"). The independent third-party consultant did not have any further recommendations in the Follow-up Review. The Internal Control Review and the Follow-up Review were conducted based on information provided by our Group and no assurance or opinion on internal controls was expressed by the independent third-party consultant.

Having considered the report prepared by our independent third-party consultant, the Directors have confirmed that all of the major recommendations provided by the independent third-party consultant have been followed and corrective actions have been taken accordingly to address our internal control deficiencies and weaknesses. Our Directors are of the view that our enhanced internal control measures are adequate and effective to ensure compliance with relevant laws and regulations going forward.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our operations involve energy and water consumption, chemical and emissions management, workplace safety, product quality and supply chain responsibility. We are committed to responsible production, efficient resource use and sustainable long-term value creation for our stakeholders.

Our Board periodically reviews our policies and management systems, with particular focus on environmental protection, occupational health and safety, product quality and business ethics. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material environmental penalties and did not experience any material workplace safety accidents, product quality incidents or regulatory non-compliance, and we complied with applicable PRC laws and regulations in all material respects.

Governance

Our Board oversees ESG-related matters and provides overall guidance on the integration of sustainability considerations into our business operations. We have designated personnel responsible for ESG matters to coordinate the implementation of ESG initiatives, consolidate relevant performance results and liaise with relevant functional departments. Each functional department is responsible for implementing applicable ESG measures within its respective area of responsibility. This governance framework facilitates cross-functional coordination and supports the integration of sustainability considerations into our business strategy, operations and risk management processes.

- *Strategy level.* Our Board has overall responsibility for our ESG governance and oversight of material ESG-related risks. The sustainability development committee assists our Board in formulating and reviewing our short-, medium- and long-term sustainability objectives, taking into account regulatory developments, technological transformation, customer expectations and talent needs.
- *Policy level.* Our sustainability development promotion office coordinates the activities of the functional working groups and translates our sustainability strategy into policies, management mechanisms and action plans. It also consolidates ESG performance and material issues and reports to our sustainability development committee and our Board on a quarterly basis.
- *Execution level.* Relevant functional departments are responsible for implementing applicable ESG measures within their respective areas of responsibility. They identify and manage relevant risks, implement action plans, monitor progress and submit performance information to the designated personnel responsible for ESG matters.

We have established mechanisms for cross-functional coordination, regular reporting and ESG data collection and review to support our ESG governance. Under these mechanisms, our sustainability development promotion office consolidates relevant information, monitors progress and reports material matters to our sustainability development committee.

ESG-Related Risk Identification and Assessment

Given the nature of PCB manufacturing, our principal ESG-related risks relate to environmental compliance, energy and water consumption, climate change and greenhouse gas emissions, chemical and waste management, occupational health and safety, product quality, supply chain management, information security, regulatory compliance and other operational and regulatory risks relevant to our business operations. Relevant departments and functional working groups identify ESG-related risks through regulatory reviews, environmental and energy monitoring, safety inspections, quality control, supplier assessments and stakeholder engagement. Identified risks are assessed by reference to their likelihood and potential impact, and corresponding mitigation measures are formulated according to their significance where appropriate. Our sustainability development promotion office then consolidates material ESG risks and assessment results for review by our sustainability development committee and our Board. It also monitors the implementation of relevant mitigation measures to ensure effective risk management and continuous improvement in our ESG practices.

During the Track Record Period, we assessed climate-related risks and evaluated the potential impacts of climate-related physical risks and transition risks on our assets and business activities. Based on our assessment, we did not identify any material assets or business activities that were significantly vulnerable to climate-related physical risks or transition risks, and no material portion of our assets or business activities was considered exposed to or significantly affected by climate-related risks during the Track Record Period. We will continue to enhance our climate risk assessment framework and improve our ability to quantify the potential impacts of climate-related risks and opportunities.

Strategies Addressing ESG-Related Risks

We have implemented targeted measures in relation to environmental compliance, climate management, water stewardship, circular resource use and product and supply chain responsibility.

- *Compliance and management systems*. Our principal production facilities have obtained certifications including ISO 14001, ISO 50001, ISO 45001 and IECQ QC 080000. Our Huangshi production base has also obtained AWS water stewardship certification and UL 2799 Platinum certification for zero waste to landfill.

- *Energy and climate management*. We monitor energy consumption through smart meters and improve energy efficiency through equipment upgrades and process optimization. Our strategy is to reduce energy consumption intensity through the continuous improvement of manufacturing processes, enhancement of energy management systems and adoption of renewable energy solutions. In 2025, renewable energy consumption was approximately 141,000 MWh, representing 23.7% of our total energy consumption.

- *Water and wastewater management*. We promote the use of reclaimed water, multi-stage rinsing, condensate recovery and the reuse of treated wastewater and reverse-osmosis concentrate. In 2025, water reuse rates were 53.0%, 59.2% and 59.0% at our Kunshan, Huangshi and Thailand production bases, respectively.

- *Waste reduction and circular use*. We manage waste through classified collection, qualified disposal and resource recovery. In 2025, our waste recovery rate was 93.6%, while circular-use initiatives reduced copper-containing waste, sludge and wet film residue and enabled the recovery of copper, gold, palladium and tin.

- *Product and supply chain responsibility*. We apply hazardous substance controls throughout raw material procurement and production and incorporate ESG requirements into supplier admission and evaluation. In 2024, 100% of relevant suppliers at our Kunshan and Huangshi production bases signed undertakings covering hazardous substances, responsible business conduct, integrity and conflict minerals.

Environmental Responsibility

Goals, measures and targets

Our quantitative targets for 2026 include: (1) zero major safety incidents, as defined under applicable regulations; (2) zero environmental incidents; and (3) reductions in electricity consumption intensity and water consumption intensity of 1% and 1%, respectively, from 2025 levels. We have also established greenhouse gas, or GHG, emissions reduction targets. Using 2023 as the base year, we aim to reduce our combined Scope 1 and Scope 2 emissions by 42% by 2030.

During the Track Record Period, we invested in various environmental and energy-efficiency initiatives, including energy-efficient equipment upgrades and renewable energy projects, which contributed to mitigating climate-related risks. We did not separately track capital expenditure specifically attributable to climate-related risks during the Track Record Period.

Environmental and energy management

We are committed to reducing energy consumption, improving resource efficiency and minimizing carbon emissions across our operations. Our energy management measures focus on optimizing energy use in production processes and supporting low-carbon operations, including: (1) optimizing equipment operation and production workflows to improve energy efficiency and reduce overall energy intensity; (2) using smart meters and monthly energy-use reviews to monitor electricity and fuel consumption across key production units and identify areas for improvement; (3) promoting cleaner energy through green electricity procurement, on-site solar power generation and the use of more energy-efficient fuels and equipment; and (4) strengthening internal management and employee awareness through energy conservation training, routine inspections and regular communication of energy performance targets.

Water resources and waste management

We focus on water conservation and responsible waste management in our manufacturing operations. We comply with applicable environmental regulations and implement measures to improve water-use efficiency and ensure the proper treatment and disposal of waste. Our principal measures include:

- We collect and treat wastewater separately based on its characteristics and reuse treated wastewater in suitable processes before discharging it in compliance with applicable requirements. We target zero heavy-metal exceedances and timely resolution of abnormal water-use or discharge incidents.
- We apply multi-stage rinsing in PCB cleaning processes and recover rainwater, air-conditioning condensate and reverse-osmosis concentrate for reuse in cooling, scrubbing and other non-potable applications.
- We classify, collect, transport and treat general and hazardous waste in accordance with applicable requirements. Waste contractors are subject to qualification reviews and on-site inspections.

Monitoring indicators

We monitor the following indicators to assess and manage environmental and climate-related risks arising from our business operations.

	Year ended December 31,			Six months ended June 30,
	2023	**2024**	**2025**	**2026**
Indicator				
GHG emissions				
Scope 1 emissions (tons of CO_2e)	23,703.6	27,658.1	35,857.8	20,230.8
Scope 2 emissions (tons of CO_2e)	170,239.3	206,337.9	245,832.4	124,230.3
Total GHG emissions (tons of CO_2e)	193,942.9	233,996.0	281,690.2	144,461.1
Electricity consumption				
Total electricity consumption (MWh)	318,878.7	388,137.5	466,395.3	235,657.1
Water consumption				
Total water consumption (tons)	3,997,900.0	5,543,166.0	6,847,772.0	3,806,449.0
Waste generation				
Amount of non-hazardous waste (tons)	12,122.7	13,809.3	16,313.8	7,251.9
Amount of hazardous waste (tons)	41,337.1	34,287.6	50,278.5	22,860.7
Total amount of waste (tons)	53,459.8	48,096.9	66,592.3	30,112.6
Waste recovery rate (%)	95.3%	95.0%	93.6%	96.2%

From 2023 to 2025, our total electricity consumption increased from 318,878.7 MWh to 466,395.3 MWh, and our total water consumption increased from 3,997,900.0 tons to 6,847,772.0 tons, primarily due to the expansion of our production activities. In 2023, 2024 and 2025, our total GHG emissions (Scope 1 and Scope 2) were 193,942.9 tons, 233,996.0 tons and 281,690.2 tons of CO_2e, respectively.

Scope 1 emissions increased mainly due to higher on-site fuel consumption following the ramp-up of new production capacity and supporting operations, including the in-house employee canteen at our Kunshan production base. Scope 2 emissions also increased, as higher electricity demand resulting from capacity expansion, particularly at our Thailand production base, outweighed the reductions achieved through green electricity procurement and energy-efficiency improvements.

Going forward, we aim to further optimize energy use, reduce GHG emissions and improve water efficiency. Based on our 2023 consumption data, we plan to reduce electricity and water consumption intensity by 1% by 2030 and Scope 1 and Scope 2 emissions by 42% by 2030, while maintaining sustainable waste management practices to minimize environmental impact. To achieve these targets, we will continue to enhance energy and resource management through measures such as improving energy monitoring systems, optimizing production processes, upgrading energy-efficient equipment and promoting the use of renewable energy.

Corporate Social Responsibility

Employment and care

We recognize that talent is fundamental to our sustainable development and are committed to providing a fair, compliant and supportive working environment. We manage employment matters in accordance with the applicable labor laws and regulations of each jurisdiction in which we operate, including the PRC, Thailand and Seychelles, and have established employee handbooks and related internal policies. We maintain zero tolerance for child labor and forced labor.

As of June 30, 2026, we had a total of 6,972 employees. Employees aged 30 or below accounted for 45.6% of our total workforce, reflecting a relatively young workforce profile. We believe that our young talent base supports the development of our talent pipeline and succession planning and provides a foundation for the long-term and sustainable development of our business. The following table sets forth a breakdown of our employees by age as of June 30, 2026.

	Number of employees	% of total
Aged 30 or below	3,179	45.6%
Aged 31–40	2,668	38.3%
Aged 41–50	972	13.9%
Aged above 50	153	2.2%
Total	**6,972**	**100%**

Meanwhile, we combine internal promotion with external recruitment and provide role-based training covering operational skills, quality management, occupational health and safety and professional development. Our production sites maintain ISO 45001-certified occupational health and safety management systems, supported by dedicated safety personnel, annual health examinations, workplace hazard identification, quarterly safety committee meetings and QR-code-enabled safety inspections.

Employee benefits and welfare

We are committed to supporting employee well-being through competitive remuneration and a range of welfare arrangements, including festival allowances and in-kind benefits, attendance-based meal subsidies, overtime meals and free shuttle services arranged with reference to employees' residential locations. Employee canteens also provide lower-oil, lower-salt and lower-calorie meal options, and fitness facilities are available in certain employee living areas.

We provide pre-employment physical examinations, annual health checks and occupational health examinations for employees exposed to workplace hazards. Our production sites are also equipped with trained first-aid personnel, first-aid kits and automated external defibrillators. Employee health records are maintained confidentially, with appropriate follow-up and work adjustments arranged where necessary.

Development and training

We provide structured training programs based on employee roles, competency requirements and operational needs. Our training programs cover production safety, occupational skills, new employee induction, management capabilities, compliance and business ethics, information security and data protection.

New employee induction training covers corporate culture, internal policies, rules and procedures and fundamental job knowledge. New employees received an average of 20.0 hours of induction training during the Track Record Period. Occupational skills training focuses on equipment operation, job-specific technical skills and capability enhancement, while production safety training covers safe operating procedures, emergency response and safety responsibilities.

We also provide management capability and leadership training for middle and senior management, together with compliance, anti-corruption, business ethics, information security and data protection training for relevant employees. During the Track Record Period, we recorded a total of approximately 29,000 training attendances and an average of 32.2 training hours per employee, supporting the continuous development of management, technical personnel and frontline employees.

Anti-corruption and anti-bribery

We have established business ethics and anti-corruption policies that prohibit bribery, kickbacks, embezzlement, extortion, misappropriation and the provision or acceptance of improper benefits. Employees are required to comply with all applicable anti-corruption laws and regulations and observe our internal code of conduct in their business activities.

We have also established procedures for reporting and investigating suspected misconduct or policy violations. Relevant matters are reviewed and investigated by designated functions, with corrective or disciplinary actions taken where appropriate. We provide compliance and business ethics training to employees to reinforce awareness and promote integrity in daily operations. During the Track Record Period, we were not involved in any material litigation, regulatory investigations or penalties relating to corruption, bribery or unfair competition.

Supply chain management

We regard supplier quality, environmental performance and social responsibility as important components of our ESG management. We have established a supplier lifecycle management framework covering admission, evaluation, trial use, approval, ongoing assessment and removal. New suppliers are reviewed by our procurement, quality assurance, engineering, environmental health and safety and other relevant functions before being included on the approved supplier list.

Suppliers are assessed based on quality, delivery, pricing, service capability, production capacity, financial condition and business reputation. Suppliers with unsatisfactory performance are required to implement corrective actions and may be downgraded or removed if deficiencies persist. Suppliers of key materials used in automotive PCBs are also expected to comply with IATF 16949 requirements.

Suppliers of raw materials and chemicals are required to provide hazardous substance testing reports, environmental declarations and relevant licenses and to comply with applicable RoHS, WEEE and customer-specific requirements. Suppliers and subcontractors must also comply with applicable labor and social responsibility standards, sign the supplier code of conduct and accept on-site audits. Material violations, including child labor or forced labor, may result in termination of the business relationship.

Community Engagement

We are committed to contributing to the communities in which we operate through charitable donations, education support and community engagement initiatives. During the Track Record Period, we carried out various initiatives to support community development and social well-being. For example, we donated computer equipment valued at approximately RMB80,000 to a primary school in Hubei Province to improve students' access to digital learning resources and enhance their learning environment. We also made donations to education and research funds of universities to support academic development and talent cultivation.

We also organized charitable initiatives through our operating sites. For example, our Huangshi production base provided care packages and donations to elderly residents and vulnerable groups in the local community. Through these initiatives, we seek to fulfill our corporate social responsibilities, strengthen our relationships with local communities and create positive social impact in the regions in which we operate.

You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all of the information provided in this document.

OVERVIEW

We are a globally established manufacturer of high-end printed circuit boards, or PCBs, and one of the world's leading automotive PCB suppliers. Founded in 2015, with our PCB business tracing its origins back to 1988, we research, develop, manufacture and commercialize a broad portfolio of high-reliability and high-complexity PCBs, including double-sided PCBs, multilayer PCBs and high-density interconnect, or HDI, PCBs, which are the physical interconnect foundation of virtually every electronic system. With principal production operations in Huangshi and Kunshan in China and a strategic overseas manufacturing base in Thailand, we serve leading global customers across multiple advanced applications: automotive electronics form the commercial and technology foundation of our business, while data storage, communication and AI server applications represent increasingly important growth engines. We believe our combination of automotive-grade quality discipline, continuous advancement of our process technologies and global manufacturing capability positions us to evolve from a leading automotive PCB supplier into a global manufacturer of high-end PCBs for the intelligent hardware era.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue was RMB3,656.3 million, RMB4,123.6 million, RMB4,752.3 million, RMB2,184.8 million and RMB2,912.0 million, respectively; our gross profit was RMB860.8 million, RMB922.0 million, RMB951.6 million, RMB481.0 million and RMB442.9 million, respectively; our gross profit margin was 23.5%, 22.4%, 20.0%, 22.0% and 15.2%, respectively; our profit for the year/period was RMB266.2 million, RMB276.2 million, RMB231.4 million and RMB158.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, and we recorded a net loss of RMB191.2 million in the six months ended June 30, 2026; our net profit margin was 7.3%, 6.7%, 4.9% and 7.3% in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, and our net loss margin was 6.6% in the six months ended June 30, 2026; and net cash flows from operating activities were RMB818.5 million, RMB605.8 million, RMB412.7 million, RMB209.1 million and RMB65.9 million, respectively.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by macroeconomic conditions, developments in the PCB industry and our downstream markets, competitive dynamics, regulatory and trade policies and other factors beyond our control. In addition, we believe our results of operations are more directly affected by the following factors:

Downstream Demand and Product Mix

Demand for our products is linked to the development cycles, shipment volumes and technological requirements of the downstream applications we serve. Revenue from automotive electronics remained our largest application category during the Track Record Period, although its contribution to total revenue decreased from 68.8% in 2023 to 51.4% in the six months ended June 30, 2026, reflecting increased revenue contributions from data storage as well as communications and AI servers. This diversification supported our revenue growth but also changed our product and customer mix, which affects pricing, cost structure and gross profit margin.

Different PCB products generally have different average selling prices, production complexity, yield profiles and gross profit margins. During the Track Record Period, HDI PCBs generally had higher average selling prices and gross profit margins than double-sided PCBs and lower-layer-count multilayer PCBs. Accordingly, the relative contribution of HDI PCBs, high-layer-count multilayer PCBs and other advanced products has a material effect on our revenue and profitability. Product mix may also vary by downstream application, customers' product requirements, product life-cycle stage and the timing of new-product introduction and mass production.

Customer Demand, Pricing and New Product Qualification

We generally price our products on a model-by-model basis by reference to expected production costs, technical requirements, order volume, delivery requirements and a target margin, and agree the final price with the customer. Our revenue is affected by both sales volume and average selling price. In 2024 and 2025, the overall average selling price of our PCB products increased by 8.3% and 4.2%, respectively, while sales volume increased by 3.1% and 7.9%, respectively. In the six months ended June 30, 2026, our overall average selling price increased by 27.0% and sales volume increased by 3.9% compared with the corresponding period in 2025, including a 14.8% increase in the average selling price and a 42.0% increase in sales volume of HDI PCBs. These increases reflected, among others, a higher contribution from HDI and other higher-specification products. These positive effects were partially offset by annual price adjustments, changes in customer and product mix and price reductions for certain mature products.

Our ability to retain existing customers, obtain qualifications for new products and production bases and secure orders for new customer products is important to our growth. Qualification and validation procedures for automotive electronics and data storage products, as well as products used in communication and AI server applications, can be lengthy and may require product design support, material certification, process development, trial production and reliability testing. Revenue and margin contribution from a newly introduced product may therefore be limited or volatile during its initial ramp-up phase before production volume, yield and efficiency stabilize.

Raw Material Supply and Price Fluctuations

Raw materials constituted the largest component of our cost of sales throughout the Track Record Period. Our principal raw materials include copper-clad laminates, prepregs, gold salts, copper foil, copper balls or powder, dry films, inks, chemical solutions and other auxiliary materials. Their prices may be affected by movements in copper, gold, petroleum and other commodity markets, foreign exchange rates, supply and demand conditions, product specifications and supplier capacity.

Our ability to pass through raw material cost increases may be constrained by contractual pricing arrangements, customer negotiation cycles, competitive conditions and annual price-down mechanisms. Accordingly, there may be a timing mismatch between an increase in raw material costs and a corresponding adjustment to our selling prices. We seek to manage this exposure through strategic procurement, supplier diversification, alternative-material qualification, inventory planning, selected price-locking arrangements and customer price negotiations. These measures may not fully or immediately offset material price increases.

Production Efficiency, Capacity Utilization and the Ramp-up of Our Production Bases

Our manufacturing cost structure is affected by capacity utilization, product yields, production scheduling, automation, labor efficiency, energy consumption, equipment maintenance and the allocation of fixed manufacturing overhead. The production of high-layer-count and HDI PCBs involves more complex processes and tighter tolerances and may require additional lamination, drilling, plating, testing and inspection steps. As we improve our production efficiency in connection with the shift towards more complex products, production volume and utilization were insufficient to absorb fixed costs efficiently, which could adversely affect gross profit margins even where sales volume increases.

We made substantial capital investments in connection with our production capacity upgrades during the Track Record Period. Our property, plant and equipment increased from RMB2,536.3 million as of December 31, 2023 to RMB5,497.9 million as of June 30, 2026, and our cash payments for purchases of property, plant and equipment and other intangible assets were RMB704.8 million, RMB1,275.4 million, RMB1,511.4 million, RMB651.6 million and RMB1,356.0 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. As production volume and yields improve, manufacturing costs may decline, but the timing and extent of any improvement depend on customer qualification, order ramp-up and operational execution.

Research and Development and Commercialization of Advanced Products

Our ability to develop and commercialize advanced PCB products is important to our competitiveness. Our research and development expenses were RMB122.1 million, RMB135.0 million, RMB162.5 million, RMB70.7 million and RMB108.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our research and development activities focus on customer-driven product development, new materials, advanced interconnection structures, high-frequency and high-speed transmission, thermal management, process automation and manufacturing yield. Research and development investment increases our operating expenses in the period incurred, while the commercial benefits may be realized only after customer qualification and mass production. Our results therefore depend on our ability to select commercially viable development projects, achieve required technical specifications and convert our research and development investment into customer orders and profitable production.

Foreign Exchange Fluctuations and Financing Costs

Each entity within our Group determines its own functional currency based on the primary economic environment in which it operates. Certain sales, purchases, cash balances, receivables, payables and borrowings of our Group entities are denominated in currencies other than their respective functional currencies, principally U.S. dollars and Thai baht. We recorded net foreign exchange gains of RMB18.1 million, RMB52.5 million, RMB51.5 million and RMB40.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, and net foreign exchange losses of RMB170.5 million in the six months ended June 30, 2026. The net foreign exchange loss in the six months ended June 30, 2026 arose mainly from the appreciation of the RMB against certain relevant foreign currencies and the resulting retranslation of net foreign-currency-denominated monetary liabilities held by certain overseas subsidiaries.

Our expansion has also increased our bank financing. Our total interest-bearing bank borrowings and lease liabilities increased from RMB1,877.9 million as of December 31, 2023 to RMB4,909.4 million as of June 30, 2026, and our finance costs increased from RMB92.2 million in 2023 to RMB124.4 million in 2025 and were RMB78.2 million in the six months ended June 30, 2026. We use foreign exchange hedging instruments selectively to manage net foreign currency exposures and seek to align the currency composition and maturity profile of our assets, liabilities and cash flows. These measures may not eliminate foreign exchange or interest rate risk. In addition, as our A Shares are listed on the Shanghai Stock Exchange, we have access to the domestic equity capital markets, providing us with an additional financing channel alongside bank financing, subject to applicable regulatory requirements and market conditions.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing on January 1, 2026 have been adopted in preparing the historical financial information in accordance with their respective transitional provisions. The historical financial information has been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value. New and amended IFRS Accounting Standards that have been issued but are not yet effective and have not been early adopted by our Group are disclosed in Note 2.2 to the Accountants' Report in Appendix I to this document.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires our management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, the related disclosures and the disclosure of contingent liabilities. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amounts of the assets or liabilities affected in future periods. The significant judgements made by our management in applying our Group's accounting policies and the key sources of estimation uncertainty are discussed in Note 3 to the Accountants' Report in Appendix I to this document. Further details of the basis of preparation and our material accounting policy information are set out in Notes 2.1 and 2.3, respectively, to the Accountants' Report in Appendix I to this document.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our historical financial information. The application of certain of these accounting policies requires our management to exercise significant judgements and to make estimates and assumptions in respect of matters that are inherently uncertain. Such judgements, estimates and assumptions affect the reported amounts of revenue, expenses, assets and liabilities, the related disclosures and the disclosure of contingent liabilities and may therefore have a material effect on our financial position and results of operations. Our management evaluates and reviews these judgements, estimates and assumptions on an ongoing basis by reference to historical experience, industry practices, current conditions, expectations of future events and other factors considered reasonable under the circumstances. Actual results may differ from these estimates and assumptions. During the Track Record Period, there were no material differences between our management's estimates and assumptions and the related actual results, nor did we make any material changes to such estimates and assumptions. We do not expect any material changes to these judgements, estimates and assumptions in the foreseeable future. For details of our material accounting policy information and the significant accounting judgements and estimates that are important to an understanding of our financial position and results of operations, see Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Revenue	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**
Cost of sales	(2,795,430)	(76.5)	(3,201,579)	(77.6)	(3,800,781)	(80.0)	(1,703,785)	(78.0)	(2,469,192)	(84.8)
Gross profit	**860,822**	**23.5**	**922,038**	**22.4**	**951,559**	**20.0**	**480,992**	**22.0**	**442,852**	**15.2**
Other income and gains	59,595	1.6	91,264	2.2	89,793	1.9	63,984	2.9	20,895	0.7
Selling and marketing expenses	(132,064)	(3.6)	(133,085)	(3.2)	(106,236)	(2.2)	(53,045)	(2.4)	(71,566)	(2.5)
Administrative expenses	(211,262)	(5.8)	(288,775)	(7.0)	(305,731)	(6.4)	(145,683)	(6.7)	(149,627)	(5.1)
Research and development expenses	(122,070)	(3.3)	(135,028)	(3.3)	(162,531)	(3.4)	(70,742)	(3.2)	(108,229)	(3.7)
Reversal of impairment loss/(impairment loss) on financial assets, net	7,101	0.2	3,371	0.1	(1,503)	(0.0)	(2,039)	(0.1)	1,634	0.1
Other expenses	(52,559)	(1.4)	(27,725)	(0.7)	(73,895)	(1.6)	(37,926)	(1.7)	(235,813)	(8.1)
Finance costs	(92,190)	(2.5)	(103,117)	(2.5)	(124,399)	(2.6)	(57,767)	(2.6)	(78,172)	(2.7)
Profit/(loss) before tax	**317,373**	**8.7**	**328,943**	**8.0**	**267,057**	**5.6**	**177,774**	**8.1**	**(178,026)**	**(6.1)**
Income tax expense	(51,218)	(1.4)	(52,726)	(1.3)	(35,707)	(0.7)	(18,975)	(0.8)	(13,180)	(0.5)
Profit/(loss) for the year/period	**266,155**	**7.3**	**276,217**	**6.7**	**231,350**	**4.9**	**158,799**	**7.3**	**(191,206)**	**(6.6)**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from the sale of PCB products. The following table sets forth a breakdown of our revenue by product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Sales of PCB products										
Double-sided PCBs	**265,049**	**7.2**	**263,068**	**6.4**	**227,430**	**4.8**	**120,464**	**5.5**	**109,314**	**3.8**
Multilayer PCBs	**2,415,320**	**66.1**	**2,330,272**	**56.5**	**2,428,281**	**51.1**	**1,150,243**	**52.7**	**1,324,441**	**45.4**
Four to six layers	1,560,244	42.7	1,387,265	33.6	1,436,372	30.3	729,097	33.4	718,857	24.6
Eight to 14 layers	855,007	23.4	940,024	22.8	980,077	20.6	419,595	19.2	600,564	20.6
16 layers and above	69	0.0	2,983	0.1	11,832	0.2	1,551	0.1	5,020	0.2
HDI PCBs	**854,592**	**23.4**	**1,352,027**	**32.8**	**1,783,330**	**37.5**	**782,078**	**35.8**	**1,274,791**	**43.8**
Subtotal	**3,534,961**	**96.7**	**3,945,367**	**95.7**	**4,439,041**	**93.4**	**2,052,785**	**94.0**	**2,708,546**	**93.0**
Others(1)	**121,291**	**3.3**	**178,250**	**4.3**	**313,299**	**6.6**	**131,992**	**6.0**	**203,498**	**7.0**
Total	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**

(1) Primarily comprise sales of scrap materials.

The following table sets forth our PCB sales volume and average selling price, or ASP, by product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(Sales volume in thousands of square meters and average selling price in RMB per square meter)									
Double-sided PCBs	**411**	**645**	**442**	**595**	**405**	**562**	**213**	**566**	**178**	**614**
Multilayer PCBs	**2,077**	**1,163**	**1,941**	**1,201**	**2,055**	**1,182**	**1,018**	**1,130**	**980**	**1,351**
Four to six layers	1,663	938	1,511	918	1,605	895	813	897	741	970
Eight to 14 layers	414	2,065	430	2,186	449	2,183	205	2,047	238	2,523
16 layers and above	0	11,388	0	14,161	1	13,292	0	16,130	1	9,505
HDI PCBs	**361**	**2,364**	**554**	**2,440**	**710**	**2,512**	**317**	**2,467**	**450**	**2,833**
Total	**2,849**	**1,241**	**2,937**	**1,343**	**3,170**	**1,400**	**1,548**	**1,326**	**1,608**	**1,684**

The following table sets forth a breakdown of our revenue by application for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Sales of PCB products	**3,534,961**	**96.7**	**3,945,367**	**95.7**	**4,439,041**	**93.4**	**2,052,785**	**94.0**	**2,708,546**	**93.0**
Automotive electronics	2,517,922	68.8	2,707,099	65.7	2,628,142	55.4	1,299,263	59.6	1,495,027	51.4
Data storage	256,722	7.0	316,040	7.7	548,092	11.5	197,320	9.0	460,747	15.8
Communications and AI servers	156,223	4.3	283,889	6.8	440,895	9.3	177,281	8.1	291,213	10.0
Display	430,615	11.8	431,204	10.5	519,447	10.9	242,077	11.1	260,294	8.9
Consumer electronics	163,288	4.5	187,615	4.5	266,933	5.6	125,077	5.7	172,214	5.9
Others(1)	10,191	0.3	19,520	0.5	35,532	0.7	11,767	0.5	29,051	1.0
Others(2)	**121,291**	**3.3**	**178,250**	**4.3**	**313,299**	**6.6**	**131,992**	**6.0**	**203,498**	**7.0**
Total	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**

(1) Other PCB applications primarily include applications in embodied intelligence, industrial control, medical and green energy sectors.

(2) Primarily comprise sales of scrap materials.

The following table sets forth a breakdown of our revenue by geographic market based on the location to which our products were delivered for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Chinese Mainland (excluding China's Bonded Zones)	**767,284**	**21.0**	**856,972**	**20.8**	**1,157,742**	**24.4**	**464,443**	**21.3**	**821,159**	**28.2**
Outside Chinese Mainland	**2,888,968**	**79.0**	**3,266,645**	**79.2**	**3,594,598**	**75.6**	**1,720,334**	**78.7**	**2,090,885**	**71.8**
Other parts of Asia	1,181,529	32.4	1,077,793	26.1	1,452,408	30.5	664,235	30.4	820,262	28.1
Europe	782,435	21.4	752,784	18.3	699,900	14.7	349,808	16.0	355,458	12.2
the Americas	370,364	10.1	500,052	12.1	490,326	10.3	232,142	10.6	372,206	12.8
Africa	5,338	0.1	3,468	0.1	2,955	0.1	2,018	0.1	1,869	0.1
China's Bonded Zones	549,302	15.0	932,548	22.6	949,009	20.0	472,131	21.6	541,090	18.6
Total	**3,656,252**	**100.0**	**4,123,617**	**100.0**	**4,752,340**	**100.0**	**2,184,777**	**100.0**	**2,912,044**	**100.0**

Comparison between the six months ended June 30, 2026 and the six months ended June 30, 2025

Our revenue increased by 33.3% from RMB2,184.8 million in the six months ended June 30, 2025 to RMB2,912.0 million in the corresponding period in 2026, primarily attributable to a 31.9% increase in revenue from PCB products from RMB2,052.8 million to RMB2,708.5 million and a 54.2% increase in other revenue from RMB132.0 million to RMB203.5 million. PCB sales volume increased by 3.9%, supported by higher demand for higher-specification PCBs with more complex interconnection structures used in automotive electronics, data storage, communication and AI server applications. Our overall average selling price increased by 27.0%, reflecting the optimization of our product mix, with higher-priced HDI PCBs and eight-to-14-layer PCBs recording increases in both their average selling prices and their respective shares of our total PCB sales volume.

Revenue from automotive electronics applications increased by 15.1% from RMB1,299.3 million in the six months ended June 30, 2025 to RMB1,495.0 million in the corresponding period in 2026, primarily attributable to increased shipments of HDI PCBs for autonomous-driving and smart-cockpit domain controllers and PCBs for battery, motor and electronic control systems as certain existing customer orders ramped up production and we secured increased order allocations from certain customers. Revenue from data storage applications increased by 133.5% from RMB197.3 million to RMB460.7 million, primarily attributable to (1) increased shipments of PCBs for memory modules, driven by higher customer demand, and (2) increased shipments of PCBs for solid-state drives and hard disk drives as certain customer orders entered or ramped up production. Revenue from communication and AI server applications increased by 64.3% from RMB177.3 million to RMB291.2 million, primarily reflecting the continued expansion of our AI server products, including increased shipments of PCBs for AI computing boards, GPU- or ASIC-related server products, as certain existing products achieved higher production volumes. Revenue from display, consumer electronics and other PCB applications increased by 7.5%, 37.7% and 146.9%, respectively.

Comparison between 2025 and 2024

Our revenue increased by 15.2% from RMB4,123.6 million in 2024 to RMB4,752.3 million in 2025, primarily attributable to a 12.5% increase in revenue from PCB products from RMB3,945.4 million to RMB4,439.0 million and a 75.8% increase in other revenue from RMB178.3 million to RMB313.3 million. PCB sales volume increased by 7.9%, supported by higher demand for products used in data storage, communication and AI server, display and consumer electronics applications. Our overall average selling price increased by 4.2%, reflecting a higher proportion of higher-priced HDI PCBs in our sales mix.

Revenue from data storage applications increased by 73.4% from RMB316.0 million in 2024 to RMB548.1 million in 2025, primarily reflecting increased customer demand against the backdrop of accelerating demand for data storage driven by AI computing, cloud computing and data center expansion, according to the F&S Report. Revenue from communication and AI server applications increased by 55.3% from RMB283.9 million in 2024 to RMB440.9 million in 2025 as additional communication and AI server products entered larger-scale production, benefiting from rapid expansion in AI computing infrastructure and data center network investment. Revenue from display and consumer electronics applications increased by 20.5% and 42.3%, respectively.

Comparison between 2024 and 2023

Our revenue increased by 12.8% from RMB3,656.3 million in 2023 to RMB4,123.6 million in 2024, primarily attributable to an 11.6% increase in revenue from PCB products from RMB3,535.0 million to RMB3,945.4 million and a 47.0% increase in other revenue from RMB121.3 million to RMB178.3 million. PCB sales volume increased by 3.1%, while the overall average selling price increased by 8.3%, reflecting an increased contribution from higher-priced HDI PCBs, as well as continued demand from automotive electronics and communication and AI server applications.

Revenue from communication and AI server applications increased by 81.7% from RMB156.2 million in 2023 to RMB283.9 million in 2024, reflecting increased customer demand and the expansion of AI server sales from a relatively low base, against the backdrop of rapid growth in AI computing and data center infrastructure. Revenue from automotive electronics, data storage and consumer electronics applications increased by 7.5%, 23.1% and 14.9%, respectively, primarily reflecting increased customer orders and the ramp-up of our expanded production capacity at our Huangshi production base, which enabled us to accommodate higher production volumes across these applications.

Cost of Sales

Raw materials and production costs represented the two largest components of our cost of sales during the Track Record Period. Our principal raw materials included copper-clad laminates, prepregs, gold salts, copper foil, copper balls or powder, dry films, inks, chemical solutions and other auxiliary materials. The following table sets forth a breakdown of our cost of sales for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Raw materials	1,552,579	55.5	1,723,667	53.9	2,099,293	55.2	900,172	52.9	1,404,710	56.9
Production costs(1)	946,858	33.9	1,121,958	35.0	1,299,444	34.2	617,390	36.2	817,715	33.1
Labor costs	266,156	9.5	323,643	10.1	362,021	9.5	169,159	9.9	226,373	9.2
Others(2)	29,837	1.1	32,311	1.0	40,023	1.1	17,064	1.0	20,394	0.8
Total	**2,795,430**	**100.0**	**3,201,579**	**100.0**	**3,800,781**	**100.0**	**1,703,785**	**100.0**	**2,469,192**	**100.0**

(1) Primarily include depreciation, utilities and auxiliary materials.

(2) Primarily include freight, customs clearance and other directly attributable costs.

During the Track Record Period, our cost of sales increased from RMB2,795.4 million in 2023 to RMB3,201.6 million in 2024 and RMB3,800.8 million in 2025, and from RMB1,703.8 million in the six months ended June 30, 2025 to RMB2,469.2 million in the corresponding period in 2026. The increases were primarily driven by higher raw material costs as our production volume expanded and our product mix shifted towards higher-specification products, including HDI and higher-layer-count PCBs, which generally require greater use of raw materials, as well as increases in the procurement prices of certain key raw materials, including copper-clad laminates, copper foil and copper balls or powder.

Gross Profit and Gross Profit Margin

Our gross profit represents revenue less cost of sales, and gross profit margin represents gross profit divided by revenue. The following table sets forth our gross profit and gross profit margin by product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit/ (loss)	Gross profit/ (loss) margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Sales of PCB products										
Double-sided PCBs	**63,455**	**23.9**	**20,501**	**7.8**	**8,672**	**3.8**	**7,288**	**6.0**	**4,283**	**3.9**
Multilayer PCBs	**462,854**	**19.2**	**350,011**	**15.0**	**218,513**	**9.0**	**142,733**	**12.4**	**60,229**	**4.5**
Four to six layers	305,121	19.6	204,646	14.8	111,112	7.7	84,478	11.6	1,959	0.3
Eight to 14 layers	157,759	18.5	144,119	15.3	102,776	10.5	57,566	13.7	56,789	9.5
16 layers and above	(26)	(37.7)	1,246	41.8	4,625	39.1	689	44.4	1,481	29.5
HDI PCBs	**213,646**	**25.0**	**374,005**	**27.7**	**411,968**	**23.1**	**199,208**	**25.5**	**176,034**	**13.8**
Subtotal	**739,955**	**20.9**	**744,517**	**18.9**	**639,153**	**14.4**	**349,229**	**17.0**	**240,546**	**8.9**
Others(1)	**120,867**	**99.7**	**177,521**	**99.6**	**312,406**	**99.7**	**131,763**	**99.8**	**202,306**	**99.4**
Total	**860,822**	**23.5**	**922,038**	**22.4**	**951,559**	**20.0**	**480,992**	**22.0**	**442,852**	**15.2**

(1) Primarily comprise sales of scrap materials. As the underlying raw material and production costs of scrap materials are substantially incurred in, and allocated to, the production of our PCB products, such scrap materials incur minimal incremental production costs. Accordingly, only limited costs are attributable to the sales of scrap materials, resulting in a high gross profit margin.

The following table sets forth our gross profit and gross profit margin by application for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Sales of PCB products	**739,955**	**20.9**	**744,517**	**18.9**	**639,153**	**14.4**	**349,229**	**17.0**	**240,546**	**8.9**
Automotive electronics	489,207	19.4	452,226	16.7	321,798	12.2	201,847	15.5	41,203	2.8
Data storage	57,135	22.3	80,070	25.3	115,703	21.1	47,519	24.1	92,567	20.1
Communications and AI servers	40,441	25.9	77,939	27.5	86,582	19.6	39,734	22.4	49,403	17.0
Display	113,338	26.3	77,285	17.9	52,081	10.0	24,195	10.0	28,101	10.8
Consumer electronics	36,405	22.3	48,839	26.0	49,252	18.5	30,719	24.6	23,641	13.7
Others(1)	3,429	33.6	8,158	41.8	13,737	38.7	5,215	44.3	5,631	19.4
Others(2)	**120,867**	**99.7**	**177,521**	**99.6**	**312,406**	**99.7**	**131,763**	**99.8**	**202,306**	**99.4**
Total/Overall	**860,822**	**23.5**	**922,038**	**22.4**	**951,559**	**20.0**	**480,992**	**22.0**	**442,852**	**15.2**

(1) Other PCB applications primarily include applications in embodied intelligence, industrial control, medical and green energy sectors.

(2) Primarily comprise sales of scrap materials.

Comparison between the six months ended June 30, 2026 and the six months ended June 30, 2025

Our gross profit decreased by 7.9% from RMB481.0 million in the six months ended June 30, 2025 to RMB442.9 million in the corresponding period in 2026, while our overall gross profit margin decreased from 22.0% to 15.2%. The decrease in gross profit was principally attributable to a decrease of RMB108.7 million, or 31.1%, in gross profit from PCB products from RMB349.2 million to RMB240.5 million, as the related cost of sales increased at a faster rate than revenue, mainly due to higher raw material costs and increases in freight, labor and other production-related costs.

Gross profit from automotive electronics applications decreased by 79.6% from RMB201.8 million in the six months ended June 30, 2025 to RMB41.2 million in the corresponding period in 2026, notwithstanding a 15.1% increase in revenue. The related gross profit margin decreased from 15.5% to 2.8%, primarily because the related cost of sales increased at a faster rate than revenue, reflecting increases in the procurement prices of key raw materials, including copper-clad laminates, copper foil and copper balls or powder, as well as increased pricing pressure amid intensified industry competition, according to the F&S Report. According to the same source, the decline in our gross profit margin was also broadly consistent with the margin pressure experienced by participants in the automotive PCB industry during the same period.

Gross profit from data storage applications increased by 94.8% from RMB47.5 million in the six months ended June 30, 2025 to RMB92.6 million in the corresponding period in 2026, primarily due to a 133.5% increase in revenue reflecting increased customer demand. The related gross profit margin decreased from 24.1% to 20.1%, as the related cost of sales increased at a faster rate than revenue.

Gross profit from communication and AI server applications increased by 24.3% from RMB39.7 million in the six months ended June 30, 2025 to RMB49.4 million in the corresponding period in 2026, primarily due to a 64.3% increase in revenue. The related gross profit margin decreased from 22.4% to 17.0%, as the related cost of sales increased at a faster rate than revenue.

Gross profit from display applications increased by 16.1% from RMB24.2 million in the six months ended June 30, 2025 to RMB28.1 million in the corresponding period in 2026, primarily due to a 7.5% increase in revenue, while the related gross profit margin remained broadly stable at 10.0% and 10.8%, respectively.

Gross profit from consumer electronics applications decreased by 23.0% from RMB30.7 million in the six months ended June 30, 2025 to RMB23.6 million in the corresponding period in 2026, notwithstanding a 37.7% increase in revenue. The related gross profit margin decreased from 24.6% to 13.7%, primarily because the related cost of sales increased at a faster rate than revenue, reflecting increases in the procurement prices of key raw materials and increased pricing pressure amid intensified competition in the consumer electronics PCB market.

Comparison between 2025 and 2024

Our gross profit increased by 3.2% from RMB922.0 million in 2024 to RMB951.6 million in 2025, while our overall gross profit margin remained broadly stable at 22.4% and 20.0%, respectively. The increase in our gross profit was principally attributable to (1) an increase of RMB134.9 million, or 76.0%, in gross profit from other revenue from RMB177.5 million to RMB312.4 million, as a result of an increase in sales of scrap materials; and (2) an increase of RMB38.0 million, or 10.2%, in gross profit from HDI PCBs.

Gross profit from automotive electronics applications decreased by 28.8% from RMB452.2 million in 2024 to RMB321.8 million in 2025. This decrease was attributable to a 2.9% decrease in revenue, reflecting lower sales volume, including lower shipments to certain automotive customers, and a decrease in gross profit margin from 16.7% to 12.2%. The decrease in gross profit margin primarily reflected higher raw material and production costs.

Gross profit from data storage applications increased by 44.5% from RMB80.1 million in 2024 to RMB115.7 million in 2025, primarily due to a 73.4% increase in revenue driven by increased customer demand, higher sales volume and a 12.1% increase in average selling price. The related gross profit margin decreased from 25.3% to 21.1%, however, because higher raw material costs and a greater contribution from advanced data storage products with more extensive material and processing requirements outpaced the increase in average selling price.

Gross profit from communication and AI server applications increased by 11.1% from RMB77.9 million in 2024 to RMB86.6 million in 2025, primarily attributable to increased revenue from AI server products as additional products entered larger-scale production. The related gross profit margin decreased from 27.5% to 19.6%, primarily because average selling prices for communication products decreased while material and production costs increased, partially offset by improved profitability of AI server products as our product mix shifted toward higher-specification AI server PCBs.

Gross profit from display applications decreased by 32.6% from RMB77.3 million in 2024 to RMB52.1 million in 2025, notwithstanding a 20.5% increase in revenue. The decrease was primarily attributable to a decrease in gross profit margin from 17.9% to 10.0%, as the average selling price decreased by 6.3% while material and production costs increased. Accordingly, the increase in sales volume was more than offset by the lower average selling price and higher production costs.

Gross profit from consumer electronics applications remained broadly stable at RMB48.8 million in 2024 and RMB49.3 million in 2025. The 42.3% increase in revenue was substantially offset by a decrease in gross profit margin from 26.0% to 18.5%, primarily due to increases in the procurement prices of key raw materials.

Comparison between 2024 and 2023

Our gross profit increased by 7.1% from RMB860.8 million in 2023 to RMB922.0 million in 2024, while our overall gross profit margin remained broadly stable at 23.5% and 22.4%, respectively. The increase in gross profit was principally attributable to (1) an increase of RMB160.4 million, or 75.1%, in gross profit from HDI PCBs from RMB213.6 million to RMB374.0 million; and (2) an increase of RMB56.7 million, or 46.9%, in gross profit from other revenue from RMB120.9 million to RMB177.5 million, primarily due to an increase in sales of scrap materials.

Gross profit from automotive electronics applications decreased by 7.6% from RMB489.2 million in 2023 to RMB452.2 million in 2024, notwithstanding a 7.5% increase in revenue. The decrease was primarily attributable to a decrease in gross profit margin from 19.4% to 16.7%, principally due to higher labor and production costs associated with the expansion of our production capacity.

Gross profit from data storage applications increased by 40.1% from RMB57.1 million in 2023 to RMB80.1 million in 2024, primarily due to a 23.1% increase in revenue and an increase in gross profit margin from 22.3% to 25.3%. The improvement in gross profit margin reflected a 16.1% increase in average selling price and a higher contribution from higher-specification data storage products, which more than offset increases in material and production costs.

Gross profit from communication and AI server applications increased by 92.7% from RMB40.4 million in 2023 to RMB77.9 million in 2024, primarily due to an 81.7% increase in revenue. The related gross profit margin increased from 25.9% to 27.5%, reflecting increased sales volume and higher average selling prices for communication products, an increase in AI server product revenue from a de minimis base, and improved fixed-cost absorption and operating efficiency as AI server production volumes increased.

Gross profit from display applications decreased by 31.8% from RMB113.3 million in 2023 to RMB77.3 million in 2024, while revenue remained broadly stable. The decrease was primarily attributable to a decrease in gross profit margin from 26.3% to 17.9%, as the average selling price decreased by 9.1% while material and production costs increased slightly.

Gross profit from consumer electronics applications increased by 34.2% from RMB36.4 million in 2023 to RMB48.8 million in 2024, primarily due to a 14.9% increase in revenue and an increase in gross profit margin from 22.3% to 26.0%. The improvement in gross profit margin was primarily attributable to a 5.0% increase in average selling price while production costs remained broadly stable.

Other Income and Gains

The following table sets forth a breakdown of our other income and gains for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Other income										
Interest income	4,458	7.4	4,727	5.2	2,401	2.7	1,493	2.3	1,634	7.8
Government grants	19,117	32.1	20,224	22.2	26,898	30.0	18,132	28.4	13,749	65.8
Additional value added tax ("**VAT**") deduction	—	—	12,399	13.6	6,567	7.3	3,255	5.1	3,766	18.0
Others	101	0.2	31	—	222	0.2	222	0.3	178	0.9
Total other income	**23,676**	**39.7**	**37,381**	**41.0**	**36,088**	**40.2**	**23,102**	**36.1**	**19,327**	**92.5**
Gains										
Gains on foreign exchange differences	18,114	30.4	52,529	57.5	51,456	57.3	40,189	62.8	—	—
Gains on disposal of items of property, plant and equipment	—	—	—	—	1	—	1	—	592	2.8
Gain on disposal of right-of-use assets	16,275	27.3	—	—	—	—	—	—	—	—
Others	1,530	2.6	1,354	1.5	2,248	2.5	692	1.1	976	4.7
Total gains	**35,919**	**60.3**	**53,883**	**59.0**	**53,705**	**59.8**	**40,882**	**63.9**	**1,568**	**7.5**
Total	**59,595**	**100.0**	**91,264**	**100.0**	**89,793**	**100.0**	**63,984**	**100.0**	**20,895**	**100.0**

Our interest income primarily represents interest earned on demand deposits maintained with banks and, where our liquidity requirements permit, seven-day notice deposits. Our deposits are principally denominated in RMB, USD and THB and are maintained having regard to the currencies used in our operations, procurement activities and export settlements. We did not purchase any wealth management products during the Track Record Period.

Government grants primarily comprise subsidies received from government authorities in relation to income and assets. Income-related government grants primarily comprise various subsidies received by members of our Group from relevant government authorities in connection with foreign trade activities. Such grants are recognized in profit or loss upon receipt, as there are no unfulfilled conditions or contingencies relating to them. We have also received certain asset-related government grants. Such grants are initially recognized as deferred income when there is reasonable assurance that they will be received and that all attaching conditions will be complied with, and are subsequently released to profit or loss on a systematic basis over the expected useful lives of the relevant assets. During the Track Record Period and up to the Latest Practicable Date, there were no material conditions attached to government grants that were not customary in nature, and we were not aware of any material unfulfilled conditions or contingencies in relation to such grants.

Our additional VAT deduction represents preferential VAT credits recognized under the applicable tax policy. We first recognized additional VAT deductions in 2024 following the approval of our application in December 2023 and our first filing in January 2024.

Our gains on foreign exchange differences primarily arise from the retranslation and settlement of monetary assets and liabilities denominated in currencies other than the respective functional currencies of our Group entities. Our foreign currency exposures principally relate to USD, RMB and THB. The amount and direction of our foreign exchange gains or losses depend on, among others, the net foreign currency positions of the relevant Group entities and movements in the applicable exchange rates.

Our gain on disposal of right-of-use assets of RMB16.3 million in 2023 represented a one-off gain arising from the resumption by the local government of a land use right at our Kunshan production base.

Our other income and gains increased by 53.1% from RMB59.6 million in 2023 to RMB91.3 million in 2024, primarily attributable to (1) an increase of RMB34.4 million in gains on foreign exchange differences, mainly because certain of our PRC entities maintained net USD asset positions and RMB depreciated against USD during 2024; and (2) additional VAT deductions of RMB12.4 million recognized in 2024 following our first filing under the relevant preferential VAT policy. These increases were partially offset by the absence in 2024 of the one-off gain on disposal of right-of-use assets of RMB16.3 million recognized in 2023 in connection with the government resumption of a land use right at our Kunshan production base.

Our other income and gains remained broadly stable at RMB91.3 million in 2024 and RMB89.8 million in 2025. Higher government grants were offset by decreases in additional VAT deductions, interest income and gains on foreign exchange differences.

Our other income and gains decreased by 67.3% from RMB64.0 million in the six months ended June 30, 2025 to RMB20.9 million in the corresponding period in 2026, primarily due to the absence of gains on foreign exchange differences of RMB40.2 million recorded in the prior period and a decrease in government grants, partially offset by increases in additional VAT deductions, gains on disposal of property, plant and equipment and other gains.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Employee costs	39,840	30.2	42,755	32.1	39,862	37.5	18,422	34.7	25,391	35.6
Marketing and business development expenses	73,205	55.4	64,833	48.7	42,590	40.1	24,501	46.2	29,277	40.9
Business hospitality expenses	5,187	3.9	8,025	6.0	4,157	3.9	1,852	3.5	2,528	3.5
Traveling expenses	3,287	2.5	3,534	2.7	3,347	3.2	1,660	3.1	2,159	3.0
Sample and promotion expenses	4,624	3.5	7,180	5.4	9,289	8.7	3,793	7.2	8,292	11.6
Insurance expenses	2,605	2.0	3,330	2.5	3,533	3.3	1,438	2.7	1,896	2.6
Others[(1)]	3,316	2.5	3,428	2.6	3,458	3.3	1,379	2.6	2,023	2.8
Total	**132,064**	**100.0**	**133,085**	**100.0**	**106,236**	**100.0**	**53,045**	**100.0**	**71,566**	**100.0**

(1) Primarily include lease expenses, labor fees and low-value consumables.

Selling and marketing expenses remained broadly stable at RMB132.1 million in 2023 and RMB133.1 million in 2024.

Selling and marketing expenses decreased by 20.2% to RMB106.2 million in 2025, principally due to a RMB22.2 million decrease in marketing and business development expenses following reductions in commission rates and related fee arrangements and tighter expense controls. The decrease was partially offset by a RMB2.1 million increase in sample and promotion expenses as we supported additional new-product and customer qualification activities.

Selling and marketing expenses increased by 34.9% from RMB53.0 million in the six months ended June 30, 2025 to RMB71.6 million in the corresponding period in 2026, principally due to increases of RMB7.0 million in employee costs, RMB4.8 million in marketing and business development expenses and RMB4.5 million in sample and promotion expenses.

Administrative Expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Employee costs	99,137	46.9	148,503	51.5	144,697	47.4	69,483	47.8	69,461	46.3
Depreciation and amortization	24,743	11.7	30,591	10.6	50,290	16.4	23,476	16.1	23,622	15.8
Repair expenses	15,214	7.2	9,872	3.4	9,145	3.0	3,477	2.4	4,934	3.3
Labor fees	7,309	3.5	8,706	3.0	10,188	3.3	3,600	2.5	4,864	3.3
Low-value consumables	7,582	3.6	24,590	8.5	18,151	5.9	10,647	7.3	8,087	5.4
Consulting fees	11,963	5.7	6,224	2.2	8,709	2.8	4,826	3.3	5,787	3.9
Insurance expenses	3,173	1.5	3,553	1.2	7,414	2.4	3,240	2.2	4,158	2.8
Energy costs	1,781	0.8	2,940	1.0	3,851	1.3	1,762	1.2	2,055	1.4
Share-based payment expenses	178	0.1	900	0.3	1,431	0.5	756	0.5	953	0.6
Taxes and surcharges	30,217	14.3	33,875	11.7	29,257	9.6	15,072	10.3	15,844	10.6
Others[(1)]	9,965	4.7	19,021	6.6	22,598	7.4	9,344	6.4	9,862	6.6
Total	**211,262**	**100.0**	**288,775**	**100.0**	**305,731**	**100.0**	**145,683**	**100.0**	**149,627**	**100.0**

(1) Primarily include traveling expenses, business hospitality expenses, lease expenses, office expenses and bank charges.

Administrative expenses increased by 36.7% from RMB211.3 million in 2023 to RMB288.8 million in 2024, principally due to a RMB49.4 million increase in employee costs as management personnel were recruited in connection with our production capacity expansion. Administrative expenses increased by 5.9% to RMB305.7 million in 2025, principally due to a RMB19.7 million increase in depreciation and amortization as new facilities and equipment were placed into use. Administrative expenses remained stable at RMB145.7 million and RMB149.6 million in the six months ended June 30, 2025 and 2026, respectively.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Employee costs	81,938	67.1	88,688	65.7	110,848	68.2	50,075	70.8	71,824	66.4
Material costs	22,549	18.5	25,919	19.2	31,850	19.6	13,476	19.0	22,939	21.2
Depreciation and amortization	7,699	6.3	7,307	5.4	8,129	5.0	3,081	4.4	5,465	5.0
Experimental testing fees	6,880	5.6	9,464	7.0	4,860	3.0	2,357	3.3	4,373	4.0
Others[(1)]	3,004	2.5	3,650	2.7	6,844	4.2	1,753	2.5	3,628	3.4
Total	**122,070**	**100.0**	**135,028**	**100.0**	**162,531**	**100.0**	**70,742**	**100.0**	**108,229**	**100.0**

(1) Primarily include repair expenses and traveling expenses.

During the Track Record Period, our research and development expenses increased from RMB122.1 million in 2023 to RMB135.0 million in 2024 and RMB162.5 million in 2025, and from RMB70.7 million in the six months ended June 30, 2025 to RMB108.2 million in the corresponding period in 2026, primarily due to increases in employee costs and material costs as our research and development headcount and activities expanded.

Other Expenses

The following table sets forth a breakdown of our other expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Impairment losses on property, plant and equipment	4,600	8.7	2,592	9.2	909	1.2	—	—	—	—
Derecognition of bills receivables	807	1.5	306	1.1	126	0.2	126	0.3	—	—
Write-down of inventories to net realizable value	23,418	44.6	22,112	79.8	72,385	98.0	37,635	99.3	65,072	27.6
Fair value losses on derivative financial instruments	6,559	12.5	1,408	5.1	—	—	—	—	178	0.1
Net losses on disposal of property, plant and equipment	14,918	28.4	572	2.1	—	—	—	—	—	—
Loss on foreign exchange differences	—	—	—	—	—	—	—	—	170,529	72.3
Others	2,257	4.3	735	2.7	475	0.6	165	0.4	34	0.0
Total	**52,559**	**100.0**	**27,725**	**100.0**	**73,895**	**100.0**	**37,926**	**100.0**	**235,813**	**100.0**

Other expenses decreased by 47.2% from RMB52.6 million in 2023 to RMB27.7 million in 2024, principally due to a RMB14.3 million decrease in net losses on disposal of property, plant and equipment following the disposal of idle assets in 2023 and a RMB5.2 million decrease in fair value losses on derivative financial instruments as the volume of forward foreign exchange transactions decreased.

Other expenses increased by 166.5% to RMB73.9 million in 2025, principally due to a RMB50.3 million increase in inventory write-downs to RMB72.4 million. The increase in inventory write-downs was principally attributable to inventories produced at comparatively high costs during the initial ramp-up of expanded production capacity.

Other expenses increased significantly from RMB37.9 million in the six months ended June 30, 2025 to RMB235.8 million in the corresponding period in 2026, principally due to (1) a loss on foreign exchange differences of RMB170.5 million, arising mainly from the appreciation of the RMB against certain relevant foreign currencies and the resulting retranslation of net foreign-currency-denominated monetary liabilities held by certain overseas subsidiaries; and (2) inventory write-downs of RMB65.1 million.

Finance Costs

The following table sets forth a breakdown of our finance costs for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Interest on bank borrowings	92,162	100.0	103,107	100.0	124,394	100.0	57,764	100.0	78,107	99.9
Interest on lease liabilities	28	0.0	10	0.0	5	0.0	3	0.0	65	0.1
Total	**92,190**	**100.0**	**103,117**	**100.0**	**124,399**	**100.0**	**57,767**	**100.0**	**78,172**	**100.0**

Finance costs increased by 11.9% from RMB92.2 million in 2023 to RMB103.1 million in 2024 and by 20.6% to RMB124.4 million in 2025. The increases were principally attributable to additional bank borrowings used to fund construction, equipment purchases, working capital requirements and other production capacity expansion projects. The increase in 2025 also reflected the full-year interest effect of borrowings drawn during 2024 and additional long-term borrowings obtained in 2025. Finance costs increased by 35.3% from RMB57.8 million in the six months ended June 30, 2025 to RMB78.2 million in the corresponding period in 2026, primarily due to the increase in interest on bank borrowings.

Income Tax Expense

The following table sets forth a breakdown of our income tax expense for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Current income tax	33,195	64.8	31,917	60.5	32,416	90.8	15,214	80.2	42,573	323.0
Deferred income tax	18,023	35.2	20,809	39.5	3,291	9.2	3,761	19.8	(29,393)	(223.0)
Total	**51,218**	**100.0**	**52,726**	**100.0**	**35,707**	**100.0**	**18,975**	**100.0**	**13,180**	**100.0**

Our effective tax rate, calculated as income tax expense divided by profit/(loss) before tax, was 16.1%, 16.0%, 13.4%, 10.7% and negative 7.4% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our income tax expense primarily comprised current income tax and deferred income tax recognized in accordance with the applicable tax laws and tax rates in the jurisdictions in which we operate.

- Pursuant to the Enterprise Income Tax Law of China and the relevant regulations, our Company and subsidiaries established in Chinese Mainland are generally subject to enterprise income tax at a statutory rate of 25%, except where preferential tax treatment applies. Our Company was recognized as a High and New Technology Enterprise in October 2022 for a three-year period and renewed such qualification in 2025 for a further three-year period. Accordingly, our Company was entitled to a preferential enterprise income tax rate of 15% during the Track Record Period. Our Company and our PRC subsidiary were also entitled to additional tax deductions in respect of qualifying research and development expenses in accordance with applicable PRC tax regulations.

- Under the investment promotion policy of the Thailand Board of Investment, our Thailand subsidiary is entitled to an exemption from corporate income tax on assessable profits arising in Thailand, subject to an aggregate exemption cap equal to 100% of the investment amount (excluding land and working capital). The exemption is available for a period of up to eight years commencing from the date on which our Thailand subsidiary first generates operating income.

As of the Latest Practicable Date, we had fulfilled all tax obligations and did not have any unresolved tax disputes or investigations with the relevant tax authorities.

Profit/(Loss) for the Year/Period

As a result of the foregoing, we recorded net profit of RMB266.2 million, RMB276.2 million, RMB231.4 million and RMB158.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, and a net loss of RMB191.2 million in the six months ended June 30, 2026. Our net profit/(loss) margin, calculated as profit/(loss) for the relevant year or period divided by revenue for the corresponding year or period, was 7.3%, 6.7%, 4.9% and 7.3% in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, and negative 6.6% in the six months ended June 30, 2026.

We recorded a net loss of RMB191.2 million in the six months ended June 30, 2026, compared with a net profit of RMB158.8 million in the corresponding period in 2025, notwithstanding a 33.3% increase in revenue. The period-on-period fluctuation in our profitability primarily reflected adverse foreign exchange movements and lower gross profit from PCB products. In particular, we recorded a net foreign exchange loss of RMB170.5 million in the six months ended June 30, 2026, compared with a net foreign exchange gain of RMB40.2 million in the corresponding period in 2025, representing an adverse period-on-period movement of RMB210.7 million before tax. Such net foreign exchange loss principally reflected a non-cash accounting effect arising from the retranslation of net foreign-currency-denominated monetary liabilities held by certain overseas subsidiaries as a result of the appreciation of the RMB against certain relevant foreign currencies, rather than a corresponding cash outflow. In addition, gross profit from our PCB products decreased by 31.1% from RMB349.2 million to RMB240.5 million, as the related cost of sales increased at a faster rate than revenue, mainly due to higher raw material costs and our inability to pass on increases in raw material costs to our customers on a timely basis.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our operations, working capital requirements and capital expenditure principally through cash generated from operating activities, bank borrowings and equity financing. Following the [REDACTED], we expect to fund our future capital requirements through a combination of operating cash flow, available bank facilities, the net [REDACTED] from the [REDACTED] and other debt or equity financing, as appropriate. Our cash and cash equivalents were RMB585.0 million, RMB541.1 million, RMB1,014.8 million and RMB1,093.4 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Working Capital Sufficiency

Taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents, expected cash flows from operations and available bank facilities, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the date of this document.

Cash Flow Analysis

The following table sets forth selected information from our consolidated statements of cash flows for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Net cash flows from operating activities	818,494	605,800	412,729	209,134	65,855
Net cash flows used in investing activities	(672,337)	(1,284,900)	(1,511,358)	(651,589)	(1,347,163)
Net cash flows from financing activities	92,991	579,600	1,566,056	737,772	1,396,153
Net increase/(decrease) in cash and cash equivalents	**239,148**	**(99,500)**	**467,427**	**295,317**	**114,845**
Cash and cash equivalents at the beginning of the year/period	315,900	585,005	541,087	541,087	1,014,752
Effect of foreign exchange rate changes, net	29,957	55,582	6,238	20,475	(36,185)
Cash and cash equivalents at the end of the year/ period	**585,005**	**541,087**	**1,014,752**	**856,879**	**1,093,412**

Net cash flows generated from operating activities

In the six months ended June 30, 2026, our net cash generated from operating activities was RMB65.9 million, primarily reflecting cash generated from operations of RMB118.4 million and interest received of RMB1.6 million, partially offset by income taxes paid of RMB54.1 million. Cash generated from operations was primarily attributable to our loss before tax of RMB178.0 million, as adjusted for certain non-cash and non-operating items, mainly net foreign exchange differences of RMB137.7 million, finance costs of RMB78.2 million, write-down of inventories to net realizable value of RMB65.1 million and depreciation and amortization of non-current assets of RMB216.9 million, and working capital movements, mainly increases in accounts and bills payables of RMB309.2 million and other payables and accruals of RMB130.7 million, partially offset by increases in trade receivables of RMB301.3 million, inventories of RMB253.8 million, prepayments, deposits and other assets of RMB58.3 million and debt investments at fair value through other comprehensive income of RMB23.2 million.

In 2025, net cash generated from operating activities was RMB412.7 million, primarily reflecting cash generated from operations of RMB439.9 million and interest received of RMB2.4 million, partially offset by income taxes paid of RMB29.6 million. Cash generated from operations was primarily derived from profit before tax of RMB267.1 million, as adjusted for certain non-cash and non-operating items, mainly depreciation and amortization of non-current assets of RMB387.1 million, finance costs of RMB124.4 million and write-down of inventories to net realizable value of RMB72.4 million, and working capital movements, mainly an increase in accounts and bills payables of RMB158.0 million and an increase in other payables and accruals of RMB135.5 million, partially offset by an increase in inventories of RMB347.5 million, an increase in trade receivables of RMB259.8 million and an increase in debt investments at fair value through other comprehensive income of RMB52.1 million.

In 2024, net cash generated from operating activities was RMB605.8 million, primarily reflecting cash generated from operations of RMB640.1 million and interest received of RMB4.7 million, partially offset by income taxes paid of RMB39.1 million. Cash generated from operations was primarily derived from profit before tax of RMB328.9 million, as adjusted for certain non-cash and non-operating items, mainly depreciation and amortization of non-current assets of RMB288.1 million, finance costs of RMB103.1 million and write-down of inventories to net realizable value of RMB22.1 million, and working capital movements, mainly an increase in accounts and bills payables of RMB304.7 million and an increase in other payables and accruals of RMB109.1 million, partially offset by an increase in trade receivables of RMB211.1 million, an increase in inventories of RMB199.3 million and an increase in prepayments, deposits and other assets of RMB60.3 million.

In 2023, net cash generated from operating activities was RMB818.5 million, primarily reflecting cash generated from operations of RMB848.5 million and interest received of RMB4.5 million, partially offset by income taxes paid of RMB34.5 million. Cash generated from operations was primarily derived from profit before tax of RMB317.4 million, as adjusted for certain non-cash and non-operating items, mainly depreciation and amortization of non-current assets of RMB271.5 million, finance costs of RMB92.2 million and write-down of inventories to net realizable value of RMB23.4 million, and favorable working capital movements, mainly a decrease in inventories of RMB108.7 million, an increase in other payables and accruals of RMB58.2 million and an increase in accounts and bills payables of RMB30.2 million, partially offset by an increase in debt investments at fair value through other comprehensive income of RMB26.8 million and an increase in trade receivables of RMB24.3 million.

Net cash flows used in investing activities

In the six months ended June 30, 2026, our net cash used in investing activities was RMB1,347.2 million, primarily attributable to purchases of items of property, plant and equipment and other intangible assets of RMB1,356.0 million, partially offset by proceeds from the disposal of items of property, plant and equipment and other intangible assets of RMB3.9 million and cash received from construction deposits of RMB5.0 million.

In 2025, our net cash used in investing activities was RMB1,511.4 million, which was attributable to purchases of items of property, plant and equipment and other intangible assets.

In 2024, our net cash used in investing activities was RMB1,284.9 million, primarily attributable to purchases of items of property, plant and equipment and other intangible assets of RMB1,275.4 million and an increase in construction deposits of RMB15.0 million, partially offset by proceeds from the disposal of items of property, plant and equipment and other intangible assets of RMB6.2 million.

In 2023, our net cash used in investing activities was RMB672.3 million, primarily attributable to purchases of items of property, plant and equipment and other intangible assets of RMB704.8 million and payments for the settlement of derivative financial instruments of RMB6.7 million, partially offset by cash received from construction deposits of RMB20.2 million, proceeds from the disposal of right-of-use assets of RMB17.0 million and proceeds from the disposal of items of property, plant and equipment and other intangible assets of RMB3.5 million.

Net cash flows generated from financing activities

In the six months ended June 30, 2026, our net cash generated from financing activities was RMB1,396.2 million, primarily attributable to new bank loans and other borrowings of RMB2,423.3 million, partially offset by repayments of bank loans and other borrowings of RMB953.8 million, interest paid of RMB72.9 million and principal payments of lease liabilities of RMB0.4 million.

In 2025, our net cash generated from financing activities was RMB1,566.1 million, primarily attributable to new bank loans and other borrowings of RMB3,135.6 million and capital contribution received from the issuance of ordinary shares of RMB827.5 million, partially offset by repayments of bank loans and other borrowings of RMB2,253.1 million, interest paid of RMB125.6 million and payments of A Share listing expenses of RMB18.2 million. The new borrowings primarily supported our production capacity expansion and manufacturing upgrades, including purchases of production equipment, automation upgrades and factory construction.

In 2024, our net cash generated from financing activities was RMB579.6 million, primarily attributable to new bank loans and other borrowings of RMB2,346.1 million, partially offset by repayments of bank loans and other borrowings of RMB1,656.4 million, interest paid of RMB106.3 million and payments of A Share listing expenses of RMB3.5 million.

In 2023, our net cash generated from financing activities was RMB93.0 million, primarily attributable to new bank loans and other borrowings of RMB1,561.8 million, partially offset by repayments of bank loans and other borrowings of RMB1,213.8 million, dividends paid to our Shareholders of RMB162.0 million, interest paid of RMB89.9 million and payments of A Share listing expenses of RMB2.6 million.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Current Assets and Current Liabilities

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 in thousands)				
					(Unaudited)
Current assets					
Inventories	529,154	706,173	980,914	1,171,362	1,225,654
Trade and bills receivables	998,578	1,116,171	1,374,403	1,677,411	1,741,326
Prepayments, deposits and other assets	96,217	193,736	200,938	261,828	188,917
Debt investments at fair value through other comprehensive income	35,163	42,293	94,363	117,563	113,190
Derivative financial instruments	345	—	—	—	—
Pledged deposits	—	—	10,000	8,240	8,240
Cash and cash equivalents	585,005	541,087	1,014,752	1,093,412	1,825,759
Total current assets	**2,244,462**	**2,599,460**	**3,675,370**	**4,329,816**	**5,103,086**
Current liabilities					
Accounts and bills payables	1,153,109	2,038,024	1,733,732	2,521,270	2,580,140
Other payables and accruals	132,831	136,909	114,107	187,084	102,528
Derivative financial instruments	—	—	—	178	9
Contract liabilities	26,844	14,242	17,282	16,310	19,483
Interest-bearing bank borrowings	926,699	1,758,215	1,080,458	1,572,005	1,545,824
Lease liabilities	354	49	51	1,040	1,040
Tax payable	13,514	6,370	9,192	—	1,525
Total current liabilities	**2,253,351**	**3,953,809**	**2,954,822**	**4,297,887**	**4,250,549**
Net current (liabilities)/ assets	**(8,889)**	**(1,354,349)**	**720,548**	**31,929**	**852,537**

Inventories

Our inventories comprise raw materials used in PCB production, work in progress, finished goods and goods in transit. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Raw materials	46,564	79,302	122,194	223,878
Work in progress	155,632	181,396	273,316	373,580
Finished goods	123,886	149,543	261,812	255,774
Goods in transit	203,072	295,932	323,592	318,130
Total	**529,154**	**706,173**	**980,914**	**1,171,362**

Our inventories increased by 33.5% from RMB529.2 million as of December 31, 2023 to RMB706.2 million as of December 31, 2024. This increase was primarily attributable to (1) an increase of RMB92.9 million in goods in transit, mainly because certain of our automotive electronics customers adopted vendor-managed inventory arrangements in 2024, under which the relevant products remained recorded as our inventories until they were withdrawn or used by the customers; and (2) an increase of RMB32.7 million in raw materials, mainly due to raw material stocking in preparation for the commencement of expanded production capacity and an increase in customer orders.

Our inventories further increased by 38.9% from RMB706.2 million as of December 31, 2024 to RMB980.9 million as of December 31, 2025. This increase was primarily attributable to (1) an increase of RMB112.3 million in finished goods, mainly reflecting increased customer demand for our PCB products for automotive electronics and AI server-related applications; (2) an increase of RMB91.9 million in work in progress, mainly due to increased orders from customers in automotive electronics applications and the corresponding expansion of our production activities; and (3) an increase of RMB42.9 million in raw materials, mainly to support our increased order volume and expanded production activities. The increase was also consistent with the expansion of our revenue and production scale during the year.

Our inventories increased by 19.4% from RMB980.9 million as of December 31, 2025 to RMB1,171.4 million as of June 30, 2026, primarily attributable to (1) an increase of RMB101.7 million in raw materials; and (2) an increase of RMB100.3 million in work in progress, mainly to support our expanded production activities.

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 in thousands)			
Less than one year	534,017	720,535	1,042,236	1,220,605
More than one year	23,698	13,981	17,914	31,403
Subtotal	**557,715**	**734,516**	**1,060,150**	**1,252,008**
Impairment	(28,561)	(28,343)	(79,236)	(80,646)
Total	**529,154**	**706,173**	**980,914**	**1,171,362**

The following table sets forth our inventory turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Inventory turnover days[1]	81	74	86	85

(1) Calculated by dividing the average of the opening and closing gross balances of inventories before provision for write-down for the relevant year or period by cost of sales for the corresponding year or period and multiplying the result by the number of days in that year or period.

We manage our inventories by aligning procurement and production plans with sales forecasts and confirmed customer orders, adopting supplier consignment arrangements for selected key raw materials, monitoring inventory aging and turnover on an ongoing basis and periodically reviewing and clearing slow-moving inventories.

As of July 31, 2026, RMB581.7 million, or 46.5%, of our inventories as of June 30, 2026 had been sold or utilized.

Trade and bills receivables

Our trade and bills receivables primarily comprise trade receivables arising from the sale of our PCB products and bills receivable received from customers in settlement of trade receivables. Our sales are primarily made on credit, and credit terms vary by customer and are generally two to four months from the relevant invoice or settlement date, depending on factors such as the customer's credit profile, order size and history of cooperation with us. Our trade receivables are non-interest-bearing. Our bills receivable primarily comprise bank acceptance bills with maturities within six months.

The following table sets forth a breakdown of trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
		(RMB in thousands)		
Trade receivables	994,036	1,101,800	1,367,472	1,669,757
Bills receivable	12,382	18,796	12,747	11,687
	1,006,418	1,120,596	1,380,219	1,681,444
Less: impairment	7,840	4,425	5,816	4,033
Total	**998,578**	**1,116,171**	**1,374,403**	**1,677,411**

Our trade and bills receivables increased from RMB998.6 million as of December 31, 2023 to RMB1,116.2 million as of December 31, 2024 and RMB1,374.4 million as of December 31, 2025, and further increased to RMB1,677.4 million as of June 30, 2026, primarily reflecting the expansion of our sales and the corresponding increase in customer receivable balances, as well as the timing of customer collections under our customary credit terms.

Based on the invoice date and net of loss allowance, all of our trade and bills receivables as of December 31, 2023, 2024 and 2025 and June 30, 2026 were aged within one year. We manage our credit risk through a customer credit-management system covering customer admission, credit approval, ongoing credit monitoring, periodic reconciliation and collection of overdue balances. We assess customers by reference to, among others, their qualifications, operating history, financial condition, order size, length of cooperation with us and historical payment record, and grant differentiated credit limits and credit periods accordingly. We regularly reassess the credit profiles of existing customers and review overdue balances and customer credit limits. For customers with comparatively lower transaction volumes or higher perceived credit risks, we may impose shorter credit periods, lower credit limits or require advance payments.

The following table sets forth our trade and bills receivables turnover days during the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	**2024**	**2025**	**2026**
Trade and bills receivables turnover days[(1)]	99	94	96	95

(1) Calculated by dividing the average of the opening and closing gross balances of trade and bills receivables for the relevant year or period by revenue for the corresponding year or period and multiplying the result by the number of days in that year or period.

As of July 31, 2026, RMB488.9 million, or 29.1%, of our trade receivables as of June 30, 2026, had been settled.

Prepayments, deposits and other assets

Our prepayments, deposits and other assets primarily comprise (1) prepayments for materials and others, including gas charges and insurance premiums; (2) prepayments for long-term assets, primarily advance payments for equipment and land in connection with the development of our production facilities; (3) deferred expenses incurred in connection with our A Share listing; (4) deposits, primarily deposits paid to energy suppliers and industrial park operators for our production bases; (5) other receivables; and (6) value-added tax ("**VAT**") recoverable, primarily input VAT arising from purchases of equipment and other construction-related expenditures. The following table sets forth a breakdown of our prepayments, deposits and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Prepayments for materials and others	12,884	15,059	23,274	31,646
Prepayments for long-term assets	8,188	31,437	106,015	363,108
Deferred A Shares listing expenses	2,627	6,127	—	—
Deposits	1,105	4,544	10,092	10,071
Other receivables	3,221	4,034	3,775	4,187
Value-added tax recoverable	79,175	164,225	164,084	216,231
Subtotal	107,200	225,426	307,240	625,243
Impairment	(168)	(253)	(287)	(307)
Total	**107,032**	**225,173**	**306,953**	**624,936**

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Analyzed into:				
Current portion	96,217	193,736	200,938	261,828
Non-current portion	10,815	31,437	106,015	363,108

Our prepayments, deposits and other assets increased by 110.4% from RMB107.0 million as of December 31, 2023 to RMB225.2 million as of December 31, 2024, primarily attributable to (1) an increase of RMB85.1 million in VAT recoverable, mainly arising from input VAT incurred in connection with purchases of equipment and other construction expenditures; and (2) an increase of RMB23.2 million in prepayments for long-term assets, primarily comprising advance payments for equipment and land in connection with the development of our production bases. The increase was also attributable to increases of RMB3.5 million in A Share listing expenses and RMB3.4 million in deposits.

Our prepayments, deposits and other assets further increased by 36.3% from RMB225.2 million as of December 31, 2024 to RMB307.0 million as of December 31, 2025, primarily attributable to an increase of RMB74.6 million in prepayments for long-term assets, mainly comprising advance payments for equipment to support the continued development of our production bases. The increase was also attributable to (1) an increase of RMB8.2 million in prepayments, mainly relating to prepaid gas charges and insurance premiums; and (2) an increase of RMB5.5 million in deposits, primarily comprising deposits paid to energy suppliers and industrial park operators. These increases were partially offset by a decrease of RMB6.1 million in A Share listing expenses following the completion of our A Share listing in 2025.

Our prepayments, deposits and other assets increased by 103.6% from RMB307.0 million as of December 31, 2025 to RMB624.9 million as of June 30, 2026, primarily attributable to (1) an increase of RMB257.1 million in prepayments for long-term assets, mainly advance payments for equipment in connection with the continued development of our production facilities; (2) an increase of RMB52.1 million in VAT recoverable; and (3) an increase of RMB8.4 million in prepayments.

For the financial assets included within our prepayments, deposits and other assets, we assess expected credit losses at the end of each period during the Track Record Period in accordance with the general approach under IFRS 9. Expected credit losses are estimated by reference to our historical loss experience, adjusted to reflect current conditions and forecasts of future economic conditions, where appropriate. Our impairment allowance was RMB0.2 million, RMB0.3 million, RMB0.3 million and RMB0.3 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. See Note 19 to the Accountants' Report in Appendix I to this document for further details.

Debt investments at fair value through other comprehensive income

Our debt investments at fair value through other comprehensive income ("**FVOCI**") represent bank acceptance bills received from customers in settlement of trade receivables and issued by banks with high credit ratings. We classify such bank acceptance bills as debt investments at FVOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. Due to their short-term maturities, their fair values approximate their carrying amounts. See Note 20 to the Accountants' Report in Appendix I to this document for further details.

Our debt investments at FVOCI were RMB35.2 million, RMB42.3 million, RMB94.4 million and RMB117.6 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. Our debt investments at FVOCI increased by 20.3% from RMB35.2 million as of December 31, 2023 to

RMB42.3 million as of December 31, 2024, primarily attributable to an increase in bank acceptance bills received from customers as settlement for our sales, in line with the expansion of our business. Our debt investments at FVOCI further increased by 123.1% from RMB42.3 million as of December 31, 2024 to RMB94.4 million as of December 31, 2025, primarily attributable to an increase in customer settlements through bank acceptance bills and our general preference for accepting bills issued by banks with higher credit ratings. Such bank acceptance bills were principally issued by reputable commercial banks. Our debt investments at FVOCI increased by 24.6% from RMB94.4 million as of December 31, 2025 to RMB117.6 million as of June 30, 2026, primarily attributable to an increase in customer settlements through bank acceptance bills.

We assess the expected credit losses on these bank acceptance bills in accordance with the general approach under IFRS 9. Given that these bills were issued by reputable banks, had short-term maturities and were not past due, the related expected credit losses were considered minimal during the Track Record Period.

Cash and cash equivalents

Our cash and cash equivalents comprise cash on hand and at banks and short-term highly liquid deposits with maturities generally within three months that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. During the Track Record Period, our cash and cash equivalents principally comprised demand deposits maintained with banks. Cash deposited with banks earns interest at floating rates based on prevailing daily bank deposit rates, and we maintain our bank balances with creditworthy financial institutions.

Our cash and cash equivalents were RMB585.0 million, RMB541.1 million, RMB1,014.8 million and RMB1,093.4 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. Our cash and cash equivalents were principally denominated in RMB and USD. As of December 31, 2023, 2024 and 2025 and June 30, 2026, cash and cash equivalents denominated in RMB were RMB336.1 million, RMB290.6 million, RMB565.3 million and RMB646.9 million, respectively, while cash and cash equivalents denominated in USD were RMB196.6 million, RMB215.3 million, RMB439.2 million and RMB391.7 million, respectively. The remaining balances were principally denominated in THB, EUR and SGD.

We did not have any pledged deposits as of December 31, 2023 or 2024. As of December 31, 2025 and June 30, 2026, our pledged deposits, which were pledged as security for bills payable and excluded from our cash and cash equivalents, were RMB10.0 million and RMB8.2 million, respectively. As of the same dates, proceeds from our A Share offering that were subject to designated-use requirements but remained fully accessible to us and were included in our cash and cash equivalents were RMB219.9 million and RMB151.8 million, respectively.

We adopt a prudent cash management policy and seek to maintain sufficient liquidity to meet our daily operating, capital expenditure and other funding requirements. We generally place temporarily surplus funds in short-term, low-risk bank deposit products and manage our cash allocation having regard to our operating cash flows, capital expenditure plans and prevailing market interest rates, with a view to balancing the security, liquidity and return of our funds.

Accounts and bills payables

Our accounts and bills payables primarily comprise (1) bills payables issued in settlement of amounts due to suppliers, (2) payables for raw materials and outsourced processing fees and (3) payables for construction costs and equipment, primarily in connection with the construction and expansion of our production bases. Our accounts and bills payables are non-interest-bearing and are generally settled in accordance with the contractual terms agreed with the relevant suppliers and contractors. We generally receive credit periods of 90 to 120 days from our suppliers, which are in line with industry practice, while the settlement terms applicable to our accounts and bills payables generally range from 60 to 210 days depending on the nature of the relevant payable and the contractual arrangements.

The following table sets forth a breakdown of our accounts and bills payables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Bills payables	—	—	50,000	41,200
Payables for raw materials and outsourced processing fees	751,815	961,482	1,096,563	1,386,478
Payables for construction costs and equipment	358,515	1,016,491	536,184	1,031,928
Other accounts payables	42,779	60,051	50,985	61,664
Total	**1,153,109**	**2,038,024**	**1,733,732**	**2,521,270**

Our accounts and bills payables increased by 76.7% from RMB1,153.1 million as of December 31, 2023 to RMB2,038.0 million as of December 31, 2024, primarily attributable to (1) an increase of RMB658.0 million in payables for construction costs and equipment in connection with our production capacity expansion; and (2) an increase of RMB209.7 million in payables for raw materials and outsourced processing fees, primarily reflecting increased purchases of materials and other production inputs as our business and production activities expanded.

Our accounts and bills payables decreased by 14.9% from RMB2,038.0 million as of December 31, 2024 to RMB1,733.7 million as of December 31, 2025, primarily attributable to a decrease of RMB480.3 million in payables for construction costs and equipment as we progressively settled amounts relating to the initial construction and equipment procurement for our expanded production facilities.

Our accounts and bills payables increased by 45.4% from RMB1,733.7 million as of December 31, 2025 to RMB2,521.3 million as of June 30, 2026, primarily attributable to (1) an increase of RMB495.7 million in payables for construction costs and equipment, reflecting continued capital expenditure and construction activities; and (2) an increase of RMB289.9 million in payables for raw materials and outsourced processing fees, reflecting increased procurement and production activities.

The following table sets forth an aging analysis of our accounts and bills payables, based on the invoice date, as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within one year	1,061,634	2,026,101	1,613,559	2,500,842
One to two years	90,131	10,612	119,074	19,582
Two to three years	900	420	280	44
Over three years	444	891	819	802
Total	**1,153,109**	**2,038,024**	**1,733,732**	**2,521,270**

The majority of our accounts and bills payables as of December 31, 2023, 2024 and 2025 and June 30, 2026 were aged within one year. Our Directors consider that the balances aged over one year were valid payables incurred in the ordinary course of our business and were not attributable to any material dispute with the relevant suppliers or contractors. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material default in the payment of our accounts and bills payables.

The following table sets forth our accounts and bills payables turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	**2024**	**2025**	**2026**
Accounts and bills payables turnover days[(1)]	160	182	181	155

(1) Calculated by dividing the average of the opening and closing balances of accounts and bills payables for the relevant year or period by cost of sales for the corresponding year or period and multiplying the result by the number of days in that year or period.

Our accounts and bills payables turnover days increased from 160 days in 2023 to 182 days in 2024, primarily reflecting an increase in the average balance of our payables as procurement activities expanded in connection with our production capacity expansion. In the six months ended June 30, 2026, our accounts and bills payables turnover days decreased to 155 days, returning to a level broadly comparable to that in 2023.

As of July 31, 2026, RMB459.8 million, or 18.2%, of total accounts and bills payables as of June 30, 2026, had been subsequently settled.

Other payables and accruals — current

Our current other payables and accruals primarily comprise (1) payroll payables, representing accrued employee remuneration and related benefits; (2) deposits payables, primarily comprising construction-related deposits; (3) other tax payables, primarily comprising taxes payable other than corporate income tax, including withholding taxes payable by our Thai subsidiary in respect of construction contractors; (4) accruals and other payables, primarily comprising employee reimbursements and fees payable to sorting service providers; (5) dividends payables; and (6) a provision for onerous contracts relating to certain customer orders.

The following table sets forth a breakdown of the current portion of our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
		(RMB in thousands)		
Payroll payables	89,534	108,847	79,037	73,653
Deposits payables	32,946	17,090	21,165	25,854
Other tax payables	6,793	4,846	8,630	6,867
Accruals and other payables	3,558	6,126	5,275	4,262
Dividends payables	—	—	—	69,925
Provision	—	—	—	6,523
Total	**132,831**	**136,909**	**114,107**	**187,084**

Our current other payables and accruals increased slightly from RMB132.8 million as of December 31, 2023 to RMB136.9 million as of December 31, 2024, primarily attributable to (1) an increase of RMB19.3 million in payroll payables, mainly due to an increase in employee headcount in line with the expansion of our operations; and (2) an increase of RMB2.6 million in accruals and other payables, mainly due to increases in employee reimbursements and fees payable to sorting service providers. These increases were substantially offset by (1) a decrease of RMB15.9 million in deposits payables, mainly due to the return of construction-related and tender deposits; and (2) a decrease of RMB1.9 million in other tax payables, mainly due to a decrease in withholding taxes payable by our overseas subsidiary in respect of construction contractors.

Our current other payables and accruals decreased by 16.7% from RMB136.9 million as of December 31, 2024 to RMB114.1 million as of December 31, 2025, primarily attributable to a decrease of RMB29.8 million in payroll payables, mainly due to the absence of employee profit-sharing bonus accruals for 2025. This decrease was partially offset by (1) an increase of RMB4.1 million in deposits payables, mainly attributable to deposits received from scrap material vendors at our Huangshi production base; and (2) an increase of RMB3.8 million in other tax payables, mainly due to an increase in withholding taxes payable by our overseas subsidiary in respect of construction contractors.

Our current other payables and accruals increased by 64.0% from RMB114.1 million as of December 31, 2025 to RMB187.1 million as of June 30, 2026, primarily attributable to dividends payables of RMB69.9 million, a current provision for onerous contracts of RMB6.5 million and an increase in deposits payables, partially offset by decreases in payroll payables, other tax payables and accruals and other payables. The final dividend of RMB69.9 million was fully paid in July 2026.

Contract liabilities

Our contract liabilities represent advance consideration received from certain customers in connection with the sale of our PCB products before we have transferred control of the relevant products and satisfied the corresponding performance obligations. Under certain sales arrangements, we may require customers to pay a portion of the consideration in advance in accordance with the billing schedules specified in the relevant contracts. We recognize such advance payments as contract liabilities upon receipt and subsequently recognize them as revenue when the relevant products are delivered and the corresponding performance obligations are satisfied.

Our contract liabilities were RMB26.8 million, RMB14.2 million, RMB17.3 million and RMB16.3 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. All of our contract liabilities as of December 31, 2023, 2024 and 2025 comprised advances received from customers. Our contract liabilities decreased by 46.9% from RMB26.8 million as of December 31, 2023 to RMB14.2 million as of December 31, 2024, primarily reflecting (1) a lower amount of advance payments received from certain customers as of the end of 2024 and (2) the recognition as revenue of advance payments previously received upon the delivery of the relevant products. Our contract liabilities increased by 21.3% from RMB14.2 million as of December 31, 2024 to RMB17.3 million as of December 31, 2025, primarily reflecting an increase in advance payments received from certain customers as of the end of 2025, partially offset by the recognition as revenue of advance payments relating to products delivered during the year. Our contract liabilities remained stable at RMB17.3 million as of December 31, 2025 and RMB16.3 million as of June 30, 2026. The fluctuations in our contract liabilities during the Track Record Period were mainly attributable to the timing and amount of advance payments received from customers and the subsequent satisfaction of the corresponding performance obligations.

As of July 31, 2026, RMB1.0 million, or 6.2%, of our contract liabilities as of June 30, 2026 had been subsequently recognized as revenue.

Tax payable

Our tax payable primarily represents current enterprise income tax accrued but not yet paid in respect of taxable profits generated by our operations in Chinese Mainland. Our tax payable was RMB13.5 million, RMB6.4 million, RMB9.2 million and nil as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Non-current Assets and Non-current Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	2,536,343	4,044,287	4,513,326	5,497,884
Right-of-use assets	88,677	86,292	84,166	94,123
Other intangible assets	3,127	11,963	10,911	18,313
Deferred tax assets	22,958	23,345	51,333	49,911
Prepayments, deposits and other assets	10,815	31,437	106,015	363,108
Total non-current assets	**2,661,920**	**4,197,324**	**4,765,751**	**6,023,339**
Non-current liabilities				
Interest-bearing bank borrowings	950,666	782,589	2,344,753	3,326,293
Lease liabilities	171	122	71	10,013
Deferred tax liabilities	30,344	51,540	82,819	52,004
Other payables and accruals	—	20,774	11,505	—
Deferred income	138,554	141,387	144,627	141,725
Total non-current liabilities	**1,119,735**	**996,412**	**2,583,775**	**3,530,035**

Property, plant and equipment

Our property, plant and equipment comprise buildings, machinery, vehicles, office and other equipment, freehold land and construction in progress. Our construction in progress principally relates to production facilities under construction and equipment undergoing installation. The following table sets forth the net carrying amounts of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Buildings	1,164,333	1,972,827	1,993,175	1,868,995
Machinery	1,035,147	1,316,844	1,878,010	1,951,505
Vehicles	1,099	2,261	3,135	7,067
Office and other equipment	22,668	57,660	54,675	51,556
Freehold land	73,124	77,296	85,009	78,027
Construction in progress	239,972	617,399	499,322	1,540,734
Total	**2,536,343**	**4,044,287**	**4,513,326**	**5,497,884**

Our property, plant and equipment increased by 59.5% from RMB2,536.3 million as of December 31, 2023 to RMB4,044.3 million as of December 31, 2024. This increase was primarily attributable to (1) an increase of RMB808.5 million in buildings, principally reflecting the completion and capitalization of factory buildings and related facilities; (2) an increase of RMB377.4 million in construction in progress, mainly relating to the continued construction and installation of production facilities and equipment; and (3) an increase of RMB281.7 million in machinery, principally reflecting the installation and commissioning of additional production equipment. These increases were mainly associated with our overseas production capacity expansion and the expansion of our Huangshi production base.

Our property, plant and equipment further increased by 11.6% from RMB4,044.3 million as of December 31, 2024 to RMB4,513.3 million as of December 31, 2025. This increase was primarily attributable to an increase of RMB561.2 million in machinery, mainly reflecting the transfer of completed production equipment from construction in progress following its installation and commissioning at our production bases.

Our property, plant and equipment increased by 21.8% from RMB4,513.3 million as of December 31, 2025 to RMB5,497.9 million as of June 30, 2026, primarily attributable to an increase of RMB1,041.4 million in construction in progress relating to our overseas production capacity expansion and the expansion of our Huangshi production base. Our overseas production capacity expansion relates to the expansion of our Thailand production base, including the construction of new production facilities and the installation of production equipment and supporting facilities, to expand our production capacity for high-layer-count and HDI PCBs for communications and AI servers (including GPU, ASIC and switch modules), automotive electronics and data storage, strengthening our ability to undertake overseas orders and respond to customer demand.

Certain of our property, plant and equipment with aggregate net carrying amounts of RMB1,108.8 million, RMB1,007.4 million, RMB1,214.8 million and RMB1,123.8 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, were pledged as security for banking facilities granted to us.

Right-of-use assets

The following table sets forth a breakdown of our right-of-use assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Offices and premises	—	—	—	10,578
Land use rights	88,202	86,126	84,049	83,010
Machinery and motor vehicles	475	166	117	535
Total	**88,677**	**86,292**	**84,166**	**94,123**

Substantially all of the decreases in our right-of-use assets from December 31, 2023 to December 31, 2025 related to periodic depreciation of our land use rights, and we did not record any material additions to our right-of-use assets during the same period. Our right-of-use assets increased by 11.8% from RMB84.2 million as of December 31, 2025 to RMB94.1 million as of June 30, 2026, primarily attributable to additions of RMB11.0 million relating to offices and premises and machinery and motor vehicles.

Certain of our land use rights with net carrying amounts of RMB82.4 million, RMB80.6 million, RMB78.7 million and RMB77.8 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, were pledged as security for banking facilities granted to us.

Other intangible assets

Our other intangible assets primarily comprise pollution emission rights, software and other rights. Our pollution emission rights represent rights to discharge specified pollutants within approved quotas in connection with our manufacturing operations, and any surplus quotas may be transferred subject to applicable requirements. Our software primarily comprises externally acquired software licenses used for production equipment digitalization, enterprise information management and our daily operations.

The following table sets forth the net carrying amounts of our other intangible assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Pollution emission right	731	756	396	338
Software	2,396	10,266	9,630	17,209
Others	—	941	885	766
Total	**3,127**	**11,963**	**10,911**	**18,313**

Our other intangible assets increased by 282.6% from RMB3.1 million as of December 31, 2023 to RMB12.0 million as of December 31, 2024, primarily attributable to an increase of RMB7.9 million in the net carrying amount of software. During 2024, we recorded additions and transfers of software of RMB11.2 million, principally comprising software acquired for production equipment digitalization and enterprise information management in connection with the commencement and expansion of production activities.

Our other intangible assets increased by 67.8% from RMB10.9 million as of December 31, 2025 to RMB18.3 million as of June 30, 2026, primarily attributable to additions of software of RMB11.8 million, including software used for production equipment integration, engineering preparation and PCB registration prediction and control.

Deferred tax assets

Our deferred tax assets were RMB23.0 million, RMB23.3 million, RMB51.3 million and RMB49.9 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. Our deferred tax assets primarily arise from deductible temporary differences and the carryforward of unused tax losses, including those relating to deferred income, impairment and write-downs, unrealized intra-group trading profits, lease liabilities and accrued payroll.

Deferred tax liabilities

Our deferred tax liabilities were RMB30.3 million, RMB51.5 million, RMB82.8 million and RMB52.0 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. These liabilities primarily relate to withholding taxes, together with taxable temporary differences arising from accelerated depreciation and right-of-use assets. The increases in 2024 and 2025 primarily reflected increases in deferred tax liabilities relating to withholding taxes. The decrease in the six months ended June 30, 2026 primarily reflected a reduction in deferred tax liabilities relating to withholding taxes and the offsetting of certain deferred tax assets and liabilities. See Note 16 to the Accountants' Report in Appendix I to this document.

Other payables and accruals — non-current

The non-current portion of our other payables and accruals, which consisted entirely of a provision for onerous contracts, was nil, RMB20.8 million, RMB11.5 million and RMB6.5 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

In the fourth quarter of 2024, our Thailand production base completed trial production and commenced commercial production. During its initial ramp-up period, its production capacity utilization was relatively low, while its scrap rate and production costs were relatively high, resulting in a negative gross profit margin. We assessed the estimated costs required to fulfill the unproduced portion of certain outstanding customer orders and recognized a provision for onerous contracts to the extent that the estimated unavoidable costs of fulfilling such orders exceeded the economic benefits expected to be received under the relevant contracts. Accordingly, we recognized a provision of RMB20.8 million as of December 31, 2024.

Our provision for onerous contracts decreased by 44.6% from RMB20.8 million as of December 31, 2024 to RMB11.5 million as of December 31, 2025, primarily attributable to the utilization of RMB20.8 million of the provision as the relevant customer orders were fulfilled during 2025, partially offset by an additional provision of RMB11.5 million. Our provision for onerous contracts decreased from RMB11.5 million as of December 31, 2025 to RMB6.5 million as of June 30, 2026, primarily attributable to the utilization of RMB11.5 million of the provision as the relevant customer orders were fulfilled.

INDEBTEDNESS

The following table sets forth 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 in thousands)				
					(Unaudited)
Current					
Interest-bearing bank borrowings	926,699	1,758,215	1,080,458	1,572,005	1,545,824
Lease liabilities	354	49	51	1,040	1,040
Non-current					
Interest-bearing bank borrowings	950,666	782,589	2,344,753	3,326,293	4,227,137
Lease liabilities	171	122	71	10,013	9,918
Total	**1,877,890**	**2,540,975**	**3,425,333**	**4,909,351**	**5,783,919**

Interest-bearing Bank Borrowings

Our interest-bearing bank borrowings were RMB1,877.4 million, RMB2,540.8 million, RMB3,425.2 million, RMB4,898.3 million and RMB5,773.0 million as of December 31, 2023, 2024 and 2025, June 30, 2026 and July 31, 2026, respectively. Our interest-bearing bank borrowings comprise short-term bank loans and long-term bank loans. We principally use our bank borrowings to finance our working capital requirements, business expansion and capital expenditures, including the procurement of production equipment, automation upgrades and factory construction for our production capacity expansion. During the Track Record Period, the effective interest rates applicable to our bank borrowings ranged from 1.71% to 7.51%.

Our interest-bearing bank borrowings increased by 35.3% from RMB1,877.4 million as of December 31, 2023 to RMB2,540.8 million as of December 31, 2024. This increase was primarily attributable to an increase of RMB831.5 million in current bank borrowings, reflecting our increased financing requirements arising from our business expansion and capital investments. The increase was partially offset by a decrease of RMB168.1 million in non-current bank borrowings as certain long-term borrowings approached maturity. Our interest-bearing bank borrowings further increased by 34.8% from RMB2,540.8 million as of December 31, 2024 to RMB3,425.2 million as of December 31, 2025. This increase was primarily attributable to an increase of RMB1,562.2 million in non-current bank borrowings, mainly comprising bank loans with terms of three to five years obtained to finance purchases of production equipment, factory construction and other capital expenditures associated with our capacity expansion. The increase was partially offset by a decrease of RMB677.8 million in current bank borrowings, reflecting changes in our financing arrangements and the maturity profile of our borrowings. Our interest-bearing bank borrowings increased by 43.0% from RMB3,425.2 million as of December 31, 2025 to RMB4,898.3 million as of June 30, 2026, primarily attributable to an increase of RMB981.5 million in non-current bank borrowings and an increase of RMB491.5 million in current bank borrowings to fund our production capacity expansion, capital expenditure and working capital requirements.

As of the Latest Practicable Date, our Group has obtained unutilized credit facilities of approximately US$423.5 million from independent financial institutions that are not guaranteed by any of our Controlling Shareholders or their close associates, and such amount comfortably exceeds the aggregate amount of Guaranteed Borrowings expected to be guaranteed by the Connected Guarantees at the time of the [REDACTED]. See "Relationship with Our Controlling Shareholders—Independence from Our Controlling Shareholders—Financial Independence." During the Track Record Period and up to the Latest Practicable Date, we did not experience any material default in the repayment of our bank borrowings or breach any material covenant under our banking facilities.

Lease Liabilities

Our lease liabilities were RMB0.5 million, RMB0.2 million, RMB0.1 million, RMB11.1 million and RMB11.0 million as of December 31, 2023, 2024 and 2025, June 30, 2026 and July 31, 2026, respectively. Our lease liabilities primarily arise from leases of offices and premises, machinery and motor vehicles used in our operations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material default in the payment of our lease liabilities or breach any material terms of the relevant lease arrangements.

No Other Outstanding Indebtedness

Except as disclosed above, as of July 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since July 31, 2026.

CONTINGENT LIABILITIES OR GUARANTEES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities or guarantees that would have a material impact on our financial position or results of operations.

CAPITAL EXPENDITURE AND COMMITMENTS

The following table sets forth our capital expenditure for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Purchases of items of property, plant and equipment and other intangible assets	704,844	1,275,406	1,511,358	651,592	1,356,015

We funded our capital expenditure during the Track Record Period principally through cash generated from operating activities, bank borrowings and equity financing. We expect to continue to incur capital expenditure to support advanced PCB capacity, product and process development, automation and operational efficiency. We expect to fund future capital expenditure through a combination of operating cash flow, available bank facilities, equity financing and the net [REDACTED] from the [REDACTED]. The timing and amount of capital expenditure may be adjusted based on market demand, customer qualification, project progress, financing availability and other relevant factors.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, our capital commitments contracted for but not provided for were RMB427.1 million, RMB648.8 million, RMB574.6 million and RMB1,724.3 million, respectively, principally in relation to purchases of property, plant and equipment for our production capacity expansion projects.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated.

	As of/For the year ended December 31,			As of/ For the Six months ended June 30,
	2023	2024	2025	2026
Gross profit margin (%)(1)	23.5	22.4	20.0	15.2
Net profit/(loss) margin (%)(2)	7.3	6.7	4.9	(6.6)
Return on equity (%)(3)	19.1	16.3	9.7	(14.1)
Current ratio(4)	1.0	0.7	1.2	1.0
Liability-to-asset ratio (%)(5)	68.7	72.8	65.6	75.6

(1) Gross profit margin equals gross profit divided by revenue.

(2) Net profit/(loss) margin equals profit/(loss) for the year/period divided by revenue.

(3) Return on equity equals profit/(loss) for the year/period divided by the average of opening and closing total equity. Return on equity for the six months ended June 30, 2026 is annualized by multiplying the six-month return on equity by two.

(4) Current ratio equals total current assets divided by total current liabilities.

(5) Liability-to-asset ratio equals total liabilities divided by total assets.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 33 to the Accountants' Report included in Appendix I. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and 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 RISKS DISCLOSURE

The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. See Note 36 to the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

DIVIDENDS

We did not declare any dividends in 2023, 2024 and 2025. In May 2026, a final dividend of RMB69.9 million was approved at our annual general meeting and was fully paid in July 2026. Subject to PRC laws and regulations, including the PRC Company Law and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)) and pursuant to our dividend policy under the Articles of Association, we generally prefer to distribute dividends in cash where (1) we record a positive net profit for the relevant year and have positive accumulated undistributed profits as of the end of such year; (2) our financial statements for the relevant period have been issued with an unqualified audit opinion; (3) there are no special circumstances that would render the distribution of cash dividends inappropriate, such as negative net cash flows from operating activities, major capital expenditure plans exceeding the applicable thresholds or other circumstances determined by our Board; and (4) such distribution would not adversely affect the sustainable operation and long-term development of our Company. We aim for the cumulative amount of cash dividends distributed over any three consecutive fiscal years to be no less than 30% of our average annual net profits attributable to owners of our Company available for distribution during such three-year period, as calculated in accordance with PRC GAAP. Future profit distributions may be made in the form of cash dividends, stock dividends or a combination of both, with the proportion of cash dividends determined by reference to our stage of development and capital expenditure requirements. We do not have a fixed dividend payout ratio. Any proposed dividend distribution is subject to review by our Board, including review by the audit committee, and approval by our Shareholders at a Shareholders' meeting. In considering whether to recommend any future dividend distribution and the amount thereof, our Board will take into account, among others, our results of operations, financial condition, operating and capital requirements, the interests of our Shareholders and such other factors as our Board may consider relevant.

DISTRIBUTABLE RESERVES

As of June 30, 2026, our distributable reserves were RMB507.4 million.

[REDACTED]

In the six months ended June 30, 2026, we made prepayments of H Share [REDACTED] of RMB[REDACTED]. Our [REDACTED] mainly include (1) [REDACTED]-related expenses, such as [REDACTED] fees and [REDACTED]; (2) non-[REDACTED]-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED]; and (3) other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the mid-point of the indicative [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED]-related expenses of HK$[REDACTED], professional fees for our legal advisors and Reporting Accountants of HK$[REDACTED] and other fees and expenses of HK$[REDACTED]. An estimated amount of HK$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED].

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II—Unaudited [REDACTED] Financial Information."

NO MATERIAL ADVERSE CHANGE

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 date of our latest audited financial statements, and there has been 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.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OVERVIEW

As of the Latest Practicable Date, DEH was entitled to exercise approximately 86.10% of the voting rights in our Company through 376,277,619 A Shares it directly held. DEH was wholly owned by Wintek Mauritius, which was in turn wholly owned by Dynamic Taoyuan, which was in turn wholly owned by Dynamic Holding. Dynamic Holding was a company listed on the Taiwan Stock Exchange (stock code: 3715) and, as of the Latest Practicable Date, none of the shareholders of Dynamic Holding held 30.00% or more of the equity interests therein.

Immediately after the completion of the [REDACTED], DEH, Wintek Mauritius, Dynamic Taoyuan and Dynamic Holding will be entitled to exercise approximately [REDACTED]% of the voting rights in our Company (assuming the [REDACTED] is not exercised, no new Shares are issued pursuant to the 2026 Share Option Scheme and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]). Accordingly, DEH, Wintek Mauritius, Dynamic Taoyuan and Dynamic Holding will constitute a group of our Controlling Shareholders (the "**Controlling Shareholders Group**") upon the [REDACTED].

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders has confirmed that it does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Clear Delineation Between our Business and the Businesses of our Controlling Shareholders Group

Our Group is primarily engaged in the research, development, manufacturing and sales of PCBs. Apart from the interests in our Group and the business conducted through our Group, our Controlling Shareholders, individually or collectively, control and invest in companies principally engaged in the mockup process business, comprising the provision of customized processing services, including outer appearance mockup, mechanic mockup, metal processing and 3D printing, for the development of products such as computers, household appliances and automobile parts, which are clearly delineated from our Group's business.

Based on the above, our Directors are of the view that none of the members of our Controlling Shareholders Group has any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules. Our Directors are satisfied that there is a clear delineation between the businesses operated by our Controlling Shareholders Group outside our Group and the business of our Group.

NON-COMPETITION UNDERTAKINGS

On December 15, 2023, in order to avoid potential competition with our Company, protect the interests of all Shareholders, ensure our Company's long-term stable development and for the purpose of the listing of our A Shares on the Shanghai Stock Exchange, DEH and Dynamic Holding entered into non-competition undertakings in favor of our Company (the "**Non-Competition Undertakings**"). Pursuant to the Non-Competition Undertakings, each of DEH and Dynamic Holding undertook, among other commitments:

(i) as of the date of the undertaking, neither it nor any other companies controlled by it (excluding our Group) has, whether within or outside the PRC, directly or indirectly engaged in, in any manner, any business that competes or may potentially compete with the business of our Company or any of our subsidiaries, including, without limitation, developing, operating, assisting in the operation of, participating in or engaging in any such business, whether alone or jointly with, or on behalf of, any individual, firm or company (or other enterprise or entity);

(ii) it and other companies controlled by it (excluding our Group): (a) will not, alone or with a third party, engage in, in any form, any business or activity that constitutes or may constitute as being in competition with the current or future main business of our Company or our subsidiaries ("**Competing Businesses**"); (b) will not directly or indirectly control or acquire companies engaged in Competing Businesses ("**Competing Companies**"), or otherwise own controlling shares or equity interests of Competing Companies in any form; and (c) will not provide Competing Companies with any business, financial or other support in any manner;

(iii) from the date of the undertaking, if it and other companies controlled by it (excluding our Group) have any business opportunities to participate in, or if it and other companies controlled by it (excluding our Group) invests in, any business that may compete with or potentially compete with the business operated by our Company or our subsidiaries, it will, to the extent permitted by applicable laws and regulations, immediately notify our Company and give priority to offering such business opportunities to our Company and our subsidiaries in an appropriate manner, so that our Company and our subsidiaries may preferentially acquire the assets or equity interests involved in the relevant business under the same terms. If our Company and our subsidiaries are unable to acquire the assets or equity interests due to objective reasons, it and other companies controlled by it will avoid competition with our Company and our subsidiaries by, among other things, ceasing to engage in the Competing Businesses or by transferring the Competing Businesses to an unrelated third party; and

(iv) it will not, by virtue of its position, engage in any act that would prejudice the interests of our Company or our Shareholders.

The Non-Competition Undertakings took effect from the date of the letters of undertaking and, in respect of each of DEH and Dynamic Holding, will terminate on the earlier of (i) when it ceases to be the direct or indirect controlling shareholder of our Company or act in concert with the controlling shareholder of our Company; (ii) when our Shares cease to be listed on any stock exchange (except for the suspension of trading of our Shares for any reason); and (iii) where any applicable laws or regulations no longer require a particular undertaking contained herein, the corresponding undertaking shall automatically terminate to the extent of such requirement.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders Group and their respective close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of three executive Directors, one non-executive Director and three independent non-executive Directors. For more details of our Directors and senior management, see "Directors and Senior Management."

Save as disclosed below, none of our Directors or members of our senior management holds any directorship or senior management position in our corporate Controlling Shareholders or their close associates:

Name	Position(s) in our Company	Position(s) in our Controlling Shareholders and/or their close associates
Mr. Huang	Chairman of the Board, executive Director and general manager	Director of DEH
		Director of Wintek Mauritius
		Director and chairman of the board of Dynamic Taoyuan
		Director and chairman of the board of Dynamic Holding
Ms. Liu Kuo-Ching (劉國瑾)	Non-executive Director	Director of DEH
		Director and general manager of Dynamic Holding

Notwithstanding the fact that two of our Directors, namely Mr. Huang and Ms. Liu Kuo-Ching, hold overlapping directorships and/or senior management positions in our corporate Controlling Shareholders, we are of the view that our Company can be managed independently from our corporate Controlling Shareholders for the following reasons:

(i) Mr. Huang, as our Board's chairman and our general manager, holds leading positions in our Company, our Controlling Shareholders and their close associates, which reflects recognition of his leadership, contributions, and seniority. Nevertheless, Mr. Huang has no direct involvement in our Controlling Shareholders' daily corporate affairs, and is only primarily responsible for making decisions on matters regarding general development and corporate operation strategy as member of the board of directors of such entities. Therefore, Mr. Huang does not expect that his positions with our Controlling Shareholder and its close associates will take up a substantial amount of his time. Mr. Huang focuses on the management of our Company and has been able to execute his office faithfully and diligently in our Company without interference from his senior position as well as his directorships in our Controlling Shareholders and their close associates, and he will continue to allocate adequate amount of time and effort to the management and operation of our Group and would bear the best interests of our Company and Shareholders as whole in mind;

(ii) Ms. Liu Kuo-Ching, as a non-executive Director, will mainly be responsible for providing strategic advice and recommendations on the strategic planning of our Group, and will not be involved in the day-to-day operation and management of our Company. The day-to-day management and operations of our Company will be dealt with by our executive Directors and senior management;

(iii) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(iv) aside from Mr. Huang and Ms. Liu Kuo-Ching, all of our Directors are independent from our Controlling Shareholders Group, and decisions of our Board require the approval of a majority vote from our Board;

(v) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

(vi) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;

(vii) we have appointed three independent non-executive Directors, comprising more than one third of the total members of our Board, who have sufficient knowledge, experience and competence to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions and are in the best interests of our Company and our Shareholders as a whole; and

(viii) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders Group which would support our independent management.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable of performing their roles in our Company and managing our business independently from our Controlling Shareholders Group and their respective close associates after the [REDACTED].

Operational Independence

We are not operationally dependent on our Controlling Shareholders Group. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently from our Controlling Shareholders Group and their respective close associates. We have independent access to suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors are satisfied that we will be able to operate independently from our Controlling Shareholders Group and their respective close associates after the [REDACTED].

Financial Independence

We have the ability to operate independently from our Controlling Shareholders Group and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our own independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee to oversee our accounting and financial reporting processes. We make tax registration and pay taxes independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders Group and their respective close associates.

During the Track Record Period and up to the Latest Practicable Date, Dynamic Taoyuan and Dynamic Holding have provided guarantees (the "**Connected Guarantees**") for some of our Group's bank borrowings and credit facilities from various commercial banks and financial institutions (the "**Guaranteed Borrowings**"). As of the Latest Practicable Date, the Connected Guarantees covered approximately US$161.4 million in Guaranteed Borrowings. We are of the view that the early release of all the Connected Guarantees prior to the [REDACTED] would not in the best commercial interests of our Group and our Shareholders as a whole, as our Group would need to expend additional cost and time to arrange for refinancing and this process may cause unnecessary disruptions to the business operations that are utilizing the Guaranteed Borrowings. Save for the above, as of the Latest Practicable Date, there were no outstanding loans, borrowings or guarantees provided to our Group by any of our Controlling Shareholders and/or their close associates.

Notwithstanding the above, our Directors believe that our Group is capable of operating financially independently from our Controlling Shareholders Group and their close associates after the [REDACTED] for the following reasons:

(i) aside from the Guaranteed Borrowings, we have been able to obtain borrowings and credit facilities from independent commercial banks and financial institutions during the Track Record Period without any guarantees from any of our Controlling Shareholders or their close associates;

(ii) as of the Latest Practicable Date, our Group has obtained unutilized credit facilities of approximately US$423.5 million from independent financial institutions that are not guaranteed by any of our Controlling Shareholders or their close associates, and such amount comfortably exceeds the aggregate amount of Guaranteed Borrowings expected to be guaranteed by the Connected Guarantees at the time of the [REDACTED];

(iii) the Guaranteed Borrowings were entered into on normal commercial terms, and the applicable interest rates were not more favorable than those applicable to other comparable financing obtained by us from Independent Third Parties without guarantees from any of our Controlling Shareholders or their close associates;

(iv) the Connected Guarantees are consistent with prevailing market practice, as such guarantees are commonly required by certain commercial banks as standard credit enhancement arrangements; and

(v) our Group is in a solid financial position, illustrated by our cash and cash equivalents as of July 31, 2026 of RMB1,825.8 million (approximately US$269.7 million), and such cash and cash equivalents are sufficient to fully repay the Guaranteed Borrowings should the need arise.

As such, our Directors are of the view that we do not have undue reliance on our Controlling Shareholders Group and their respective close associates for financing.

The Connected Guarantees constitute financial assistance received by our Group from our connected persons for the benefit of our Group. Since the Connected Guarantees are on normal commercial terms to our Group and are not secured by the assets of our Group, pursuant to Rule 14A.90 of the Listing Rules, the Connected Guarantees are fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the above, our Directors are satisfied that from a financial perspective, we are capable of carrying on our business independently from our Controlling Shareholders Group and their respective close associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders Group and their respective close associates:

(i) where a general meeting is to be held for considering proposed transactions in which our Controlling Shareholders Group or any of their respective associates has a material interest, our Controlling Shareholders Group will not vote on the resolutions and shall not be counted towards the quorum in the voting;

(ii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with any of our Controlling Shareholders or any of their respective associates, our Company will comply with the applicable requirements under the Listing Rules;

(iii) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (a) possesses sufficient experience, (b) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (c) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;

(iv) our independent non-executive Directors will review, on an annual and independent basis, whether there is any conflict of interests between our Group and our Controlling Shareholders, and our Controlling Shareholders will undertake to provide all information necessary as required by our independent non-executive Directors for the annual review;

(v) our Company will disclose decisions (with basis) on matters reviewed by our independent non-executive Directors either in our interim report, annual report or by way of announcements;

(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 expenses; and

(vii) we have appointed Somerley Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflict of interests that may arise between our Group and our Controlling Shareholders Group, and to protect the interests of our minority Shareholders after the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company consisted of 437,029,321 A Shares with a nominal value of RMB1.00 each, all of which were listed on the Shanghai Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new Shares are issued pursuant to the 2026 Share Option Scheme and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the issued share capital of our Company will be as follows:

	Number of Shares	Approximate % of total issued share capital
A Shares in issue	437,029,321	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	**[REDACTED]**	**100.00%**

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] Option is exercised in full, no new Shares are issued pursuant to the 2026 Share Option Scheme and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the issued share capital of our Company will be as follows:

	Number of Shares	Approximate % of total issued share capital
A Shares in issue	437,029,321	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	**[REDACTED]**	**100.00%**

OUR SHARES

Upon the completion of the [REDACTED], our Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the Chinese Mainland, the qualified investors in the Chinese Mainland under the Shanghai-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to the relevant PRC laws or upon approval of any competent authorities, H Shares generally cannot be [REDACTED] for by or [REDACTED] between legal or natural persons in the Chinese Mainland.

The Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between the Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by investors in the Chinese Mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be [REDACTED] for or [REDACTED] by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the

Southbound Trading Link, they can also be [REDACTED] for and [REDACTED] by investors in the Chinese Mainland in accordance with the rules and limits of the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect.

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] of our A Shares and our 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

Our A Shares and our H Shares are regarded as one class of Shares under our 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 our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends could also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

We have obtained our A Shareholders' approval to [REDACTED] H Shares and seek the [REDACTED] of our H Shares on the Stock Exchange at the general meeting of our Company held on September 17, 2026. Such approval is subject to the following conditions:

(i) **Size of the [REDACTED].** 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]). The number of H Shares to be [REDACTED] pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].

(ii) **Method of [REDACTED].** The method of [REDACTED] shall be by way of an [REDACTED] to institutional [REDACTED] and a [REDACTED] for [REDACTED] in Hong Kong.

(iii) **Target [REDACTED].** The H Shares shall be [REDACTED] to public [REDACTED] in Hong Kong under the [REDACTED] and to international [REDACTED], qualified domestic [REDACTED] eligible to [REDACTED] in overseas securities according to the PRC law and other [REDACTED] who comply with the relevant regulatory requirements.

(iv) **[REDACTED] basis.** The [REDACTED] of the H Shares will be determined, among others, after due consideration of the interests of our existing Shareholders, acceptance of [REDACTED] and the risks related to the [REDACTED], according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) **Validity period.** The [REDACTED] of H Shares and [REDACTED] of H Shares on the Stock Exchange shall be completed within 24 months from the date when the shareholders' meeting was held on September 17, 2026. If the Company has obtained approval or filing from the relevant regulatory bodies for the [REDACTED] and [REDACTED] of the H Shares within such validity period, the validity period of the resolution will automatically be extended to the later of the [REDACTED] and the completion date of the exercise of the [REDACTED] (if any).

There is no other approved [REDACTED] plan for the H Shares except for the [REDACTED].

GENERAL MEETINGS

For details of the circumstances under which our Shareholders' general meetings are required, see "Summary of the Articles of Association—Shareholders and Shareholders' Meetings" in Appendix V to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new Shares are issued pursuant to the 2026 Share Option Scheme and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the following persons will have an interest and/or short position in Shares and/or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

Name of Shareholder	Nature of interest	Number of Shares directly or indirectly held(1)	Description of Shares	Approximate % of shareholding as of the Latest Practicable Date in the total issued share capital of our Company	Approximate % of shareholding immediately following the completion of the [REDACTED](2)	
					in our A Shares	in the total issued share capital of our Company
DEH(3)	Beneficial owner	376,277,619	A Shares	86.10%	[86.10]%	[REDACTED]%
Wintek Mauritius(3)	Interest in controlled corporation	376,277,619	A Shares	86.10%	[86.10]%	[REDACTED]%
Dynamic Taoyuan(3)	Interest in controlled corporation	376,277,619	A Shares	86.10%	[86.10]%	[REDACTED]%
Dynamic Holding(3)	Interest in controlled corporation	376,277,619	A Shares	86.10%	[86.10]%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) Assuming the [REDACTED] is not exercised, no new Shares are issued pursuant to the 2026 Share Option Scheme and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED].

(3) As of the Latest Practicable Date, DEH was wholly owned by Wintek Mauritius, which was in turn wholly owned by Dynamic Taoyuan, a limited liability company wholly owned by Dynamic Holding. Dynamic Holding was a company listed on the Taiwan Stock Exchange (stock code: 3715) and to the best knowledge of the Company, as of the Latest Practicable Date, none of the shareholders of Dynamic Holding held more than 30.00% of the equity interests therein. By virtue of the SFO, Wintek Mauritius, Dynamic Taoyuan and Dynamic Holding are deemed to be interested in the 376,277,619 A Shares held by DEH.

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new Shares are issued pursuant to the 2026 Share Option Scheme 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 Shares and/or underlying Shares which would fall to be disclosed to our 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 voting Shares of our Company.

OVERVIEW

Upon the [REDACTED], our Board will comprise seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets out information about our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and members of senior management
Mr. Huang Ming-Hung (黃銘宏)	50	Chairman of the Board, executive Director and general manager	November 6, 2015	November 6, 2015	Responsible for overall management, strategic planning and decision-making for key business and operational matters of our Group	None
Mr. Lee Ying-Kuei (李英魁)	50	Executive Director	November 6, 2015	September 17, 2026	Responsible for the management of procurement and human resources of our Group	None
Ms. He Junlan (賀君蘭)	43	Executive Director (employee Director)	September 1, 2017	November 26, 2025	Responsible for employee rights protection and labor compliance, as well as procurement management of our Huangshi production base	None
Ms. Liu Kuo-Ching (劉國瑾)	64	Non-executive Director	December 7, 2022	December 7, 2022	Responsible for providing strategic advice and recommendations on the strategic planning of our Group	None
Mr. Wang Shih-Ming (王世銘)	55	Independent non-executive Director	December 7, 2022	December 7, 2022	Responsible for providing independent advice to our Board	None
Mr. Lee Tai-Long (李岱隆)	54	Independent non-executive Director	December 7, 2022	December 7, 2022	Responsible for providing independent advice to our Board	None
Mr. Yick Tze Ho Adrian (易子皓)	32	Independent non-executive Director	September 17, 2026	September 17, 2026	Responsible for providing independent advice to our Board	None

DIRECTORS

Executive Directors

Mr. Huang Ming-Hung (黃銘宏), aged 50, is our founder, chairman of our Board, executive Director, and general manager. As the founder of our Group, Mr. Huang served as the chairman of our Board from November 2015 to March 2019, as our sole Director from March 2019 to December 2022, and has been serving as the chairman of our Board since December 2022. Mr. Huang has also been serving as our general manager since March 2021. He was re-designated as our executive Director on September 17, 2026, with effect from the [REDACTED]. He is primarily responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Huang currently also holds positions as a director in certain subsidiaries of our Group. At Dynamic Kunshan, Mr. Huang served as a director from August 2012 to March 2013, as the chairman of the board from April 2013 to January 2019, as a director again since February 2019 and as the general manager since February 2021. Mr. Huang has also served as a director of Dynamic Thailand since April 2023.

Mr. Huang has extensive experience in engineering, research and development, and corporate management. Since May 2000, Mr. Huang has successively served as a deputy business manager, business manager, business vice president, general manager, director and chairman of the board at Dynamic Taoyuan. Since November 2012 and January 2015, he has been serving as a director at Wintek Mauritius and DEH, respectively, both of which are our Controlling Shareholders. Since August 2022, Mr. Huang has been serving as the chairman of the board at Dynamic Holding, a company listed on the Taiwan Stock Exchange (stock code: 3715), and one of our Controlling Shareholders. Since November 2022, Mr. Huang has been serving as a director of Beyond Expectation and Transcend Reputation, both of which are our Company's Employee Shareholding Platforms.

Mr. Huang graduated from Sze Hai College of Technology and Commerce (四海工商專科學校, currently known as Hungkuo Delin University of Technology (宏國德霖科技大學)) in Taiwan with junior college diploma in civil engineering in June 1996. In June 2015, he obtained his MBA degree from National Chengchi University (國立政治大學) in Taiwan.

Mr. Lee Ying-Kuei (李英魁), aged 50, is our executive Director. Mr. Lee joined our Group in November 2015 as our administration director and has been our deputy general manager since August 2026. He has served as our Director since September 17, 2026, and was re-designated as our executive Director on the even date with effect from the [REDACTED]. Mr. Lee is primarily responsible for the management of procurement and human resources of our Group.

Mr. Lee has also held several roles in certain subsidiaries of our Group. Mr. Lee has served at Dynamic Kunshan as associate manager of the administration division from June 2010 to September 2017, and as the assistant to the general manager from March 2024 to April 2026. Since April 2026, he has been serving as the assistant to the general manager at Dynamic Thailand.

Mr. Lee obtained his bachelor's degree in business administration from Hsing Wu College (醒吾技術學院, currently known as Hsing Wu (醒吾科技大學)) in Taiwan in January 2008. He subsequently obtained his MBA degree from the University of Southern Queensland in Australia in September 2009.

Ms. He Junlan (賀君蘭), aged 43, is our executive Director and manager of the procurement department. Ms. He joined our Group in September 2017 and has been serving as our manager of the procurement department since then. She has been our employee representative Director since November 2025, and was re-designated as our executive Director on September 17, 2026, with effect from the [REDACTED]. Ms. He is primarily responsible for employee rights protection and labor compliance, as well as procurement management of our Huangshi production base.

From May 2004 to September 2017, Ms. He also served as the chief section manager at Dynamic Kunshan. Since December 2021, she has been serving as the general partner of Huangshi Juhong, one of our Employee Shareholding Platforms.

Ms. He obtained a graduation certificate in finance through the Self-taught Higher Education Examinations (高等教育自學考試) from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 2025.

Non-Executive Director

Ms. Liu Kuo-Ching (劉國瑾), aged 64, is our non-executive Director. Ms. Liu has been our Director since December 2022, and was re-designated as our non-executive Director on September 17, 2026, with effect from the [REDACTED]. Ms. Liu is primarily responsible for providing strategic advice and recommendations on the strategic planning of our Group.

Ms. Liu has also held management positions at our subsidiaries, including serving as a supervisor at Dynamic Kunshan since April 2016, as well as a director at Dynamic Electronics Overseas Investment Holding Pte. Ltd. and Dynamic Thailand since November 2019 and April 2023, respectively.

Prior to joining our Group, Ms. Liu accumulated extensive experience in the PCB industry. From July 1988 to March 1998, Ms. Liu served at Tatung Company (大同股份有限公司). From March 1998 to May 2005, she served at Gold Circuit Electronics Ltd. (金像電子股份有限公司). From May 2005 to January 2008, Ms. Liu served at Tripod (WUXI) Electronics Co., Ltd. (健鼎(無錫)電子有限公司). From February 2008 to August 2022, Ms. Liu successively served as a deputy business manager and a special assistant to the chairman of the board at Dynamic Taoyuan. She has also served as the general manager and a director of Dynamic Holding since August 2022 and June 2026, respectively.

Ms. Liu obtained her bachelor's degree in law from Fu Jen Catholic University (天主教輔仁大學) in Taiwan in June 1983. She later obtained her master's degree in business from Tatung Institute of Technology (大同工學院, currently known as Tatung University (大同大學)) in Taiwan in June 1986, and her EMBA degree from China Europe International Business School (中歐國際工商學院) in the PRC in September 2005. In August 2025, she was recognized as one of the Top 30 Female CEOs of Taiwan Listed Companies in the third Taiwan Best Female CEO Survey conducted by Harvard Business Review Global Traditional Chinese Edition.

Independent Non-Executive Directors

Mr. Wang Shih-Ming (王世銘), aged 55, is our independent non-executive Director. Mr. Wang has been our Director since December 2022, and was re-designated as our independent non-executive Director on September 17, 2026, with effect from the [REDACTED]. He is primarily responsible for providing independent advice to our Board.

Prior to joining our Group, Mr. Wang accumulated extensive experience in accounting and corporate governance. From September 1994 to September 1996, he successively served as an auditor and an audit supervisor at KPMG Taiwan Inc. (安侯建業聯合會計師事務所). From September 1996 to October 1998, he served as an assistant at Deloitte & Touche Corporation (勤業眾信聯合會計師事務所). From December 1998 to June 2000, he rejoined KPMG Taiwan Inc. as an audit manager. From August 2009 to February 2015, he worked at Shanghai Wenhui Certified Public Accountants Co., Ltd. (上海文匯會計師事務所有限公司). From February 2015 to March 2020, he worked at Shanghai Taixin Daya Certified Public Accountants (General Partnership) (上海台信大亞會計師事務所(普通合夥)). From December 2012 to March 2025, he served as an executive director at Mingshi Enterprise Management Consulting (Shanghai) Co., Ltd. (銘視企業管理諮詢(上海)有限公司). From October 2015 to April 2025, he served as a director at Huizhun Technology Co., Ltd. (慧準科技股份有限公司). From October 2019 to December 2025, he served as a registered accountant at Shanghai Chenghui Certified Public Accountants Co., Ltd. (上海誠匯會計師事務所有限公司). Since May 2021, Mr. Wang has been serving as the chairman of the board at Winnichem Investment Limited (永華全方位投資股份有限公司). Since January 2026, he has been serving as the registered accountant at Shanghai Daohe Certified Public Accountants (General Partnership) (上海道和會計師事務所(普通合夥)).

Mr. Wang previously served as (i) an independent director at Ganso Co., Ltd. (上海元祖夢果子股份有限公司) from January 2019 to December 2024, a company listed on the Shanghai Stock Exchange (stock code: 603886), and (ii) an independent director at Ningbo Minda Automobile Technology Co., Ltd. (寧波敏達汽車科技股份有限公司) from November 2021 to January 2025.

Mr. Wang obtained his bachelor's degree in accounting from National Chengchi University (國立政治大學) in Taiwan in June 1992 and his master's degree in accounting from National Taiwan University (國立台灣大學) in Taiwan in June 1994. He has been a member of the Taiwan Provincial Certified Public Accountants Association (中華民國會計師公會) since September 2002 and the Chinese Institute of Certified Public Accountant (中國註冊會計師協會) since August 2009.

Mr. Lee Tai-Long (李岱隆), aged 54, is our independent non-executive Director. Mr. Lee has been our Director since December 2022, and was re-designated as our independent non-executive Director on September 17, 2026, with effect from the [REDACTED]. He is primarily responsible for providing independent advice to our Board.

Mr. Lee has extensive experience in legal practice and legal advisory work. From August 1997 to June 1999, Mr. Lee served as a legal specialist at Chien Yeh Law Offices (建業法律事務所). From January 2001 to February 2014, Mr. Lee served as a senior legal specialist at Lee and Li, Attorneys-at-Law (理律法律事務所). Since July 2013, Mr. Lee has been serving as a chief lawyer of Beijing Fidelity Law Partners (北京富鼎律師事務所) and a chief counsel of Fidelity Law Partners, Taipei (富鼎博瑞國際法律事務所). From September 2017 to October 2020, Mr. Lee served as a supervisor (監察人) at Mega International Commercial Bank Co., Ltd. (兆豐國際商業銀行).

Mr. Lee obtained his bachelor's degree in law from Soochow University (東吳大學) in Taiwan in June 1995 and his master's degree in law from Northwestern University in the U.S. in July 2000. He was awarded the Legal Professional Qualification Certificate (法律職業資格證書) by the Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in March 2013.

Mr. Yick Tze Ho Adrian (易子皓), aged 32, is our independent non-executive Director. He joined our Group as independent Director on September 17, 2026, and was re-designated as our independent non-executive Director on the even date, with effect from the [REDACTED]. He is primarily responsible for providing independent advice to our Board.

Prior to joining our Group, Mr. Yick accumulated experience in legal practice and business management. From October 2017 to October 2021, he served as a trainee solicitor, paralegal and solicitor at Charltons in Hong Kong, where he specialized in corporate finance and regulatory matters. From October 2021 to May 2022, he worked at Simmons & Simmons Hong Kong as an associate. From June 2022 to December 2023, he was the co-founder and the chief executive officer of 20 Investment Limited. Since December 2023, he has been the co-founder and has held the position of chief executive officer of KYC Management Limited, where he is responsible for its overall operations and long-term strategic development and provides software solutions to professional firms and regulated entities on anti-money laundering and counter-financing of terrorism compliance matters.

Mr. Yick obtained his bachelor's degree in law from the University of Warwick in the United Kingdom in July 2016. He later obtained his Postgraduate Certificate in Laws from City University of Hong Kong in July 2017 and was awarded the Dean's List in August 2017. Mr. Yick was admitted as a solicitor by the High Court of the Hong Kong Special Administrative Region in April 2020.

SENIOR MANAGEMENT

Our senior management team comprises the following members:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and members of senior management
Mr. Huang Ming-Hung (黃銘宏)	50	Chairman of the Board, executive Director and general manager	November 6, 2015	March 22, 2021	Responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group	None
Mr. Lee Ying-Kuei (李英魁)	50	Deputy general manager	November 6, 2015	August 7, 2026	Responsible for the management of procurement and human resources of our Group	None
Mr. Chiu Chui-Ming (邱垂明)	60	Deputy general manager and chief financial officer	October 1, 2021	December 7, 2022	Responsible for treasury and accounting management of our Group	None
Mr. Chen Jen-Chun (陳人群)	55	Secretary of our Board	July 14, 2022	December 7, 2022	Responsible for corporate governance, investor relations and securities affairs of our Group	None

Mr. Huang Ming-Hung (黃銘宏) is the chairman of our Board, an executive Director and our general manager. See "—Directors—Executive Directors" above for his biographical details.

Mr. Lee Ying-Kuei (李英魁) is an executive Director, and our deputy general manager. See "—Directors—Executive Directors" above for his biographical details.

Mr. Chiu Chui-Ming (邱垂明), aged 60, is our deputy general manager and chief financial officer. Mr. Chiu joined our Group in October 2021 as the deputy general manager of finance at Dynamic Kunshan. He served as the deputy general manager of finance at Dynamic Kunshan and our Company from March 2013 to September 2021 and from October 2021 to December 2022, respectively. He also served as our Director from December 2022 to September 2026. He has been serving as our deputy general manager and chief financial officer since December 2022. Mr. Chiu is primarily responsible for treasury and accounting management of our Group.

Prior to joining our Group, Mr. Chiu accumulated over 20 years of experience in finance and accounting. From March 1992 to April 1997, he worked at Kuozui Motors, Ltd. (國瑞汽車股份有限公司). From April 1997 to July 2004, he worked at Compeq Manufacturing Co., Ltd. (華通電腦股份有限公司). From September 2004 to March 2007, he served as the head of the finance department at Suzhou Gold Circuit Co., Ltd. (蘇州金像電子有限公司). From April 2007 to February 2013, he served as a deputy general manager in charge of Finance at Suzhou Walter Electronic Co., Ltd. (蘇州華德電子有限公司).

Mr. Chiu obtained his bachelor's degree in business from Chung Yuan Christian University (中原大學) in Taiwan in June 1989.

Mr. Chen Jen-Chun (陳人群), aged 55, has been the secretary of our Board since December 2022. Mr. Chen joined our Group in July 2022 as the head of the finance department. He is primarily responsible for corporate governance, investor relations and securities affairs of our Group.

Prior to joining our Group, Mr. Chen accumulated over 20 years of experience in auditing and accounting. From April 2000 to August 2002, Mr. Chen served as an auditor at KPMG Taiwan Inc. (安侯建業聯合會計師事務所). From August 2002 to February 2005, he served as the accounting section chief at Spirox Corporation (蔚華科技股份有限公司), a company listed on the Taiwan Stock

Exchange (stock code: 3055). From March 2005 to September 2006, he served as a deputy accounting manager at Arima Display Corporation (華生科技股份有限公司). From January 2007 to June 2009, he served as a finance and accounting manager at Megaforce Company Limited (英濟股份有限公司). From July 2009 to December 2012, he served as a deputy accounting manager at Zhen Ding Technology Co., Ltd. (臻鼎科技股份有限公司). From April 2014 to February 2017, he served as an accounting manager at Hon Hai Precision Industry Co., Ltd. (鴻海精密工業股份有限公司). From July 2017 to August 2019, he served as a accounting manager at Foxconn Interconnect Technology Limited (鴻騰精密科技股份有限公司). From December 2019 to October 2021, he served as a deputy head of the department of finance at Dynamic Taoyuan. From October 2021 to July 2022, he served as the head of the financial department at SDP Global (China) Co., Ltd. (超視界顯示技術有限公司).

Mr. Chen obtained his bachelor's degree in business from National Cheng Kung University (國立成功大學) in Taiwan in June 1998.

JOINT COMPANY SECRETARIES

Mr. Chen Jen-Chun (陳人群), the secretary of our Board, was appointed as one of our joint company secretaries on July 6, 2026. For the biographical details of Mr. Chen, see "—Senior Management" in this section.

Ms. Yeung Sui Ho (楊瑞好) was appointed as one of our joint company secretaries on July 6, 2026. Ms. Yeung has over six years of experience in company secretarial practice. She is currently an assistant manager of company secretarial services of Tricor Services Limited. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Yeung obtained a master's degree in corporate governance from the Hong Kong Metropolitan University in Hong Kong. She is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 9, 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his independence at the time of his or her appointments.

Each of our Directors confirms (excluding our independent non-executive Directors) that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Except as disclosed above, none of our Directors or members of senior management held any other 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 Latest Practicable Date.

Except as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the Directors or members of senior management that need to be brought to the attention of the Shareholders.

MANAGEMENT AND BOARD COMMITTEES

Board Committees

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 the Board. The Audit Committee comprises Mr. Wang Shih-Ming, Mr. Lee Tai-Long and Ms. Liu Kuo-Ching, with Mr. Wang Shih-Ming (being our independent non-executive Director with appropriate professional qualifications) 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 to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. Lee Tai-Long, Mr. Wang Shih-Ming and Ms. Liu Kuo-Ching, with Mr. Lee Tai-Long 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 our Board on the appointment of Directors and other senior management. The Nomination Committee comprises Mr. Wang Shih-Ming, Mr. Yick Tze Ho Adrian and Ms. Liu Kuo-Ching, with Mr. Wang Shih-Ming as the chairperson.

Strategy Committee

Our Board has established the Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to conduct research and provide recommendations on the company's long-term development strategy, major investment decisions and ESG-related matters. The Strategy Committee comprises Mr. Huang, Mr. Lee Tai-Long and Mr. Lee Ying-Kuei, with Mr. Huang as the chairperson.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon the [REDACTED].

Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Company deviates from this provision because Mr. Huang, performs both the roles of the chairman of our Board and the general manager of our Company. Our Board believes that, in view of his experience, personal profile and understanding of our business operations as mentioned above, Mr. Huang is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman of our Board and general manager of our Company to Mr. Huang can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent non-executive Directors. Our Board will reassess the division of the roles of chairman and the chief executive officer from time to time and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of two female and five male Directors ranging from 32 to 64 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance. They obtained degrees in various majors including law, accounting and business administration. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

REMUNERATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of fees, salaries, allowances and benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions. We determine the remuneration of our Directors based on their responsibilities, qualifications, position and seniority. The aggregate amount of the total remuneration accrued to our Directors for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were RMB7.9 million, RMB8.7 million, RMB6.9 million and RMB2.0 million, respectively. None of our Directors or former supervisors waived or agreed to waive any emolument during the same periods.

Under the arrangements in force as of the date of this document, we estimate the aggregate remuneration (before taxation) payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2026, to be RMB3.2 million. The actual remuneration to Directors for the year ending December 31, 2026 may be different from the estimated remuneration.

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 include one, one, two and one Director(s), respectively. During the same periods, the aggregate amount of remuneration of the remaining four, four, three, and four highest-paid non-director individuals (including salaries, allowances and benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions) were RMB8.8 million, RMB9.0 million, RMB4.3 million and RMB3.7 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors, former supervisors or the five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former directors, former supervisors or the five highest paid individuals for the loss of office as a director or supervisor 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.

For additional information on Directors' remuneration including share-based payment during the Track Record Period as well as information on the five highest paid individuals, please see Notes 8 and 9 to the Accountants' Report in Appendix I to this document. For the details of the outstanding Share Option that were granted to our Directors and senior management, see "Appendix VI—Statutory and General Information—D. 2026 Share Option Scheme" to this document.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, among other things, advise our Company in the following circumstances:

(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, sales or transfers of treasury shares 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, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry to our Company in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

FUTURE PLANS

See "Business—Growth Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that the net [REDACTED] of the [REDACTED], after deducting the estimated [REDACTED] and other fees and expenses paid and payable by us in connection with the [REDACTED], will be approximately HK$[REDACTED], assuming an [REDACTED] of HK$[REDACTED] per H Share (being the mid-point of the indicative range of the [REDACTED] of HK$[REDACTED] to HK$[REDACTED] per H Share), and that the [REDACTED] is not exercised.

We currently intend to use the net [REDACTED] from the [REDACTED] for the purposes and in the amounts as set out below:

(1) approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED], for production capacity expansion and upgrades to support the expansion and intelligent upgrade of our overall production capacity and capture growing demand for advanced PCBs used in AI computing infrastructure, intelligent vehicles and advanced data storage applications. The purpose of this allocation is to increase the volume and technical range of advanced PCBs that we can manufacture, improve process consistency and production traceability, and provide the physical and digital infrastructure required to transfer customer-qualified products into stable mass production. Compared with conventional PCBs, products used in these applications generally require more conductive layers, denser interconnections, lower signal loss and tighter dimensional, electrical and reliability controls. In particular, we intend to use the [REDACTED] for:

   (i) approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED], for the purchase and installation of high-precision manufacturing and inspection equipment to expand our production capacity for advanced PCBs and automate and intelligently upgrade our existing production lines. The additional capacity will focus on high-layer-count multilayer PCBs, advanced HDI PCBs and PCBs manufactured using the modified semi-additive process, or mSAP, which is a circuit-forming process that selectively builds copper to enable finer circuit lines and spacing than conventional subtractive etching, thereby supporting denser routing within a limited board area, for applications including AI servers, data storage devices and new energy vehicle electronics.

   We plan to purchase and install equipment including high-precision drilling machines, automated electroplating lines, high-performance lamination presses, high-resolution exposure equipment, automated optical inspection equipment and testing systems. Such equipment will be used at key manufacturing and inspection stages: drilling equipment forms the holes needed to connect different conductive layers; electroplating equipment deposits copper on hole walls and, where applicable, fills vias to establish reliable electrical connections; lamination presses bond conductive and insulating layers under controlled heat and pressure, including through repeated lamination cycles for high-build-up products; exposure equipment transfers fine circuit patterns onto the board; and automated optical inspection equipment compares manufactured circuit patterns against design data to identify potential opens, shorts or pattern defects. Such equipment upgrades are intended to enable finer circuit features, more accurate layer-to-layer alignment, more uniform plating and more consistent process control. Their automation and digital integration are also intended to reduce manual handling, improve production-data collection and product traceability, support yield stabilization and facilitate the transfer of advanced products from trial production to mass production; and

(ii) approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED], for the construction of new production and ancillary facilities, as well as the deployment and upgrade of manufacturing execution system, enterprise resource planning software and automated control system. Such facilities will focus on the production of high-end PCB products incorporating high-layer-count multilayer and HDI technologies.

(2) approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED], for research and development initiatives to strengthen our innovation capabilities and technology reserves and support the commercialization of higher-specification products. In particular, we plan to allocate the [REDACTED] to:

(i) process and materials research and development for advanced HDI PCBs, high-frequency and high-speed PCBs, PCBs with bendable structures, thick-copper PCBs, embedded-copper PCBs and other specialty products, including the application of mSAP, processing technologies for M9-grade and higher ultra-low-loss laminate materials and PCBs for 1.6T optical modules and co-packaged optics;

(ii) the development of key process capabilities, including high-precision layer-registration control, dimensional-stability control across multiple lamination cycles, fine-line circuit processing, laser microvia technology, high-aspect-ratio blind-via filling, mixed lamination of high-speed materials and warpage control, high-precision impedance control and interconnection reliability for ultra-high-layer-count PCBs.

These process controls address the cumulative manufacturing challenges that arise as layer count, board thickness and interconnection density increase. Layer-registration control aligns circuit patterns and vias across different layers; dimensional-stability control limits movement of materials during repeated lamination under heat and pressure; fine-line processing and laser microvias provide the smaller circuit features and interconnections required for dense routing; high-aspect-ratio blind-via filling is intended to fill relatively deep and narrow vias uniformly; mixed lamination and warpage control support reliable bonding of different high-speed materials and maintain board flatness for downstream assembly; impedance control preserves the intended electrical characteristics of signal paths; and interconnection-reliability controls help ensure that plated holes, microvias and layer connections withstand thermal and mechanical stress. These capabilities are intended to improve manufacturability, yield, electrical performance and reliability for ultra-high-layer-count and other advanced PCBs;

(iii) upgrades to our research and development hardware, including the purchase of advanced research, development and testing equipment and enhancement of our laboratory capabilities for high-frequency signal-integrity testing, ultra-thick PCB testing and reliability analysis; and

(iv) the recruitment and training of high-caliber PCB research and development professionals in Chinese Mainland and overseas to strengthen our technological innovation and competitiveness.

(3) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], for working capital and other general corporate purposes, including the procurement of raw materials, employee compensation and other day-to-day operating needs, to support the continued expansion of our business and global operations.

FUTURE PLANS AND USE OF [REDACTED]

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed below or above the mid-point of the indicative [REDACTED]. If the [REDACTED] is set at HK$[REDACTED] per H Share, which is the high end of our indicative [REDACTED], the net [REDACTED] from the [REDACTED] will increase by approximately HK$[REDACTED]. If the [REDACTED] is set at HK$[REDACTED] per H Share, which is the low end of our indicative [REDACTED], the net [REDACTED] from the [REDACTED] will decrease by approximately HK$[REDACTED]. Any additional [REDACTED] received from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro rata basis. In the event that the [REDACTED] is exercised in full, we will receive net [REDACTED] of HK$[REDACTED] (after deducting the estimated [REDACTED] and other fees and expenses paid and payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK$[REDACTED] per H Share, being the mid-point of our indicative [REDACTED]).

To the extent that the net [REDACTED] are not immediately applied to the above purposes, we will only deposit the net [REDACTED] into short-term interest-bearing accounts with 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). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DYNAMIC ELECTRONICS CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND GUOLIAN SECURITIES INTERNATIONAL CAPITAL MARKET CO., LIMITED

INTRODUCTION

We report on the historical financial information of Dynamic Electronics Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026, 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 [REDACTED] (the "**Document**") in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the presentation and preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[•] have been made.

Dividend

We refer to note [11] to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
REVENUE	5	3,656,252	4,123,617	4,752,340	2,184,777	2,912,044
Cost of sales		(2,795,430)	(3,201,579)	(3,800,781)	(1,703,785)	(2,469,192)
Gross profit		860,822	922,038	951,559	480,992	442,852
Other income and gains	5	59,595	91,264	89,793	63,984	20,895
Selling and marketing expenses		(132,064)	(133,085)	(106,236)	(53,045)	(71,566)
Administrative expenses		(211,262)	(288,775)	(305,731)	(145,683)	(149,627)
Research and development expenses		(122,070)	(135,028)	(162,531)	(70,742)	(108,229)
Reversal of impairment loss/ (impairment loss) on financial assets, net		7,101	3,371	(1,503)	(2,039)	1,634
Other expenses		(52,559)	(27,725)	(73,895)	(37,926)	(235,813)
Finance costs	7	(92,190)	(103,117)	(124,399)	(57,767)	(78,172)
PROFIT/(LOSS) BEFORE TAX	6	317,373	328,943	267,057	177,774	(178,026)
Income tax expense	10	(51,218)	(52,726)	(35,707)	(18,975)	(13,180)
PROFIT/(LOSS) FOR THE YEAR/ PERIOD		266,155	276,217	231,350	158,799	(191,206)
Attributable to:						
Owners of the parent		266,155	276,217	231,350	158,799	(191,206)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	12					
Basic and diluted (RMB per share)		0.69	0.72	0.59	0.41	(0.44)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	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/(LOSS) FOR THE YEAR/PERIOD	266,155	276,217	231,350	158,799	(191,206)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations	8,305	36,150	20,017	22,428	(117,287)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	8,305	36,150	20,017	22,428	(117,287)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	8,305	36,150	20,017	22,428	(117,287)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	274,460	312,367	251,367	181,227	(308,493)
Attributable to:					
Owners of the parent	274,460	312,367	251,367	181,227	(308,493)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	13	2,536,343	4,044,287	4,513,326	5,497,884
Right-of-use assets	14	88,677	86,292	84,166	94,123
Other intangible assets	15	3,127	11,963	10,911	18,313
Deferred tax assets	16	22,958	23,345	51,333	49,911
Prepayments, deposits and other assets	19	10,815	31,437	106,015	363,108
Total non-current assets		2,661,920	4,197,324	4,765,751	6,023,339
CURRENT ASSETS					
Inventories	17	529,154	706,173	980,914	1,171,362
Trade and bills receivables	18	998,578	1,116,171	1,374,403	1,677,411
Prepayments, deposits and other assets	19	96,217	193,736	200,938	261,828
Debt investments at fair value through other comprehensive income	20	35,163	42,293	94,363	117,563
Derivative financial instruments		345	—	—	—
Pledged deposits	21	—	—	10,000	8,240
Cash and cash equivalents	21	585,005	541,087	1,014,752	1,093,412
Total current assets		2,244,462	2,599,460	3,675,370	4,329,816
CURRENT LIABILITIES					
Accounts and bills payables	22	1,153,109	2,038,024	1,733,732	2,521,270
Other payables and accruals	23	132,831	136,909	114,107	187,084
Derivative financial instruments		—	—	—	178
Contract liabilities	24	26,844	14,242	17,282	16,310
Interest-bearing bank borrowings	26	926,699	1,758,215	1,080,458	1,572,005
Lease liabilities	14	354	49	51	1,040
Tax payable		13,514	6,370	9,192	—
Total current liabilities		2,253,351	3,953,809	2,954,822	4,297,887
NET CURRENT (LIABILITIES)/ ASSETS		(8,889)	(1,354,349)	720,548	31,929
TOTAL ASSETS LESS CURRENT LIABILITIES		2,653,031	2,842,975	5,486,299	6,055,268
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	26	950,666	782,589	2,344,753	3,326,293
Lease liabilities	14	171	122	71	10,013
Deferred tax liabilities	16	30,344	51,540	82,819	52,004
Other payables and accruals	23	—	20,774	11,505	—
Deferred income	25	138,554	141,387	144,627	141,725
Total non-current liabilities		1,119,735	996,412	2,583,775	3,530,035
Net assets		1,533,296	1,846,563	2,902,524	2,525,233

		As at 31 December			As at 30 June
		2023	**2024**	**2025**	**2026**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
EQUITY					
Equity attributable to owners of the parent					
Share capital	27	384,529	384,529	437,029	437,029
Reserves	29	1,148,767	1,462,034	2,465,495	2,088,204
Total equity		1,533,296	1,846,563	2,902,524	2,525,233

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Share capital	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Special reserve-safety fund	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 27)	*(note 29)*	*(note 29)*	*(note 29)*	*(note 29)*	*(note 29)*	
At 1 January 2023	384,529	754,085	51,015	(7,079)	—	76,108	1,258,658
Profit for the year	—	—	—	—	—	266,155	266,155
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	—	—	—	8,305	—	—	8,305
Total comprehensive income for the year	—	—	—	8,305	—	266,155	274,460
Share-based payments *(note 28)*	—	178	—	—	—	—	178
Transfer from retained profits	—	—	18,485	—	—	(18,485)	—
Safety fund provided	—	—	—	—	9,476	(9,476)	—
Safety fund used	—	—	—	—	(4,331)	4,331	—
At 31 December 2023	384,529	754,263*	69,500*	1,226*	5,145*	318,633*	1,533,296

Year ended 31 December 2024

	Share capital	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Special reserve-safety fund	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 27)	*(note 29)*	*(note 29)*	*(note 29)*	*(note 29)*	*(note 29)*	
At 1 January 2024	384,529	754,263	69,500	1,226	5,145	318,633	1,533,296
Profit for the year	—	—	—	—	—	276,217	276,217
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	—	—	—	36,150	—	—	36,150
Total comprehensive income for the year	—	—	—	36,150	—	276,217	312,367
Share-based payments *(note 28)*	—	900	—	—	—	—	900
Transfer from retained profits	—	—	20,797	—	—	(20,797)	—
Safety fund provided	—	—	—	—	9,688	(9,688)	—
Safety fund used	—	—	—	—	(3,581)	3,581	—
At 31 December 2024	384,529	755,163*	90,297*	37,376*	11,252*	567,946*	1,846,563

Year ended 31 December 2025

	Share capital	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Special reserve-safety fund	Retained profits	Total
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*
At 1 January 2025	384,529	755,163	90,297	37,376	11,252	567,946	1,846,563
Profit for the year	—	—	—	—	—	231,350	231,350
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	—	—	—	20,017	—	—	20,017
Total comprehensive income for the year	—	—	—	20,017	—	231,350	251,367
Issue of shares	52,500	844,200	—	—	—	—	896,700
Share issue expenses	—	(93,537)	—	—	—	—	(93,537)
Share-based payments *(note 28)*	—	1,431	—	—	—	—	1,431
Transfer from retained profits	—	—	19,571	—	—	(19,571)	—
Safety fund provided	—	—	—	—	10,175	(10,175)	—
Safety fund used	—	—	—	—	(2,825)	2,825	—
At 31 December 2025	437,029	1,507,257*	109,868*	57,393*	18,602*	772,375*	2,902,524

Six months ended 30 June 2025 (unaudited)

	Share capital	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Special reserve-safety fund	Retained profits	Total
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*
At 1 January 2025	384,529	755,163	90,297	37,376	11,252	567,946	1,846,563
Profit for the period (unaudited)	—	—	—	—	—	158,799	158,799
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations (unaudited)	—	—	—	22,428	—	—	22,428
Total comprehensive income for the period (unaudited)	—	—	—	22,428	—	158,799	181,227
Share-based payments *(note 28)* (unaudited)	—	756	—	—	—	—	756
Safety production fund provided (unaudited)	—	—	—	—	4,844	(4,844)	—
Safety production fund utilised (unaudited)	—	—	—	—	(1,330)	1,330	—
At 30 June 2025 (unaudited)	384,529	755,919	90,297	59,804	14,766	723,231	2,028,546

Six months ended 30 June 2026

	Share capital	Capital reserve	Statutory reserve	Exchange fluctuation reserve	Special reserve-safety fund	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 27)	*(note 29)*	*(note 29)*	*(note 29)*	*(note 29)*	*(note 29)*	
At 1 January 2026	437,029	1,507,257	109,868	57,393	18,602	772,375	2,902,524
Loss for the period	—	—	—	—	—	(191,206)	(191,206)
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations	—	—	—	(117,287)	—	—	(117,287)
Total comprehensive income for the period	—	—	—	(117,287)	—	(191,206)	(308,493)
Share-based payments *(note 28)*	—	1,127	—	—	—	—	1,127
Dividend declared *(note 11)*	—	—	—	—	—	(69,925)	(69,925)
Safety fund provided	—	—	—	—	5,175	(5,175)	—
Safety fund used	—	—	—	—	(1,354)	1,354	—
At 30 June 2026	437,029	1,508,384*	109,868*	(59,894)*	22,423*	507,423*	2,525,233

* These reserve accounts comprise the consolidated reserves of RMB1,148,767,000, RMB1,462,034,000, RMB2,465,495,000 and RMB2,088,204,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit/(loss) before tax		317,373	328,943	267,057	177,774	(178,026)
Adjustments for:						
Finance costs	7	92,190	103,117	124,399	57,767	78,172
Interest income	5	(4,458)	(4,727)	(2,401)	(1,493)	(1,634)
Foreign exchange differences, net		(19,758)	(25,833)	(29,611)	(59,649)	137,667
Impairment/(reversal of impairment) of trade receivables	18	(7,101)	(3,455)	1,472	2,058	(1,662)
Impairment/(reversal of impairment) of prepayments, deposits and other assets		—	84	31	(19)	28
Impairment of property, plant and equipment	13	4,600	2,592	909	—	—
Write-down of inventories to net realisable value	6	23,418	22,112	72,385	37,634	65,072
Depreciation of property, plant and equipment	13	264,831	281,924	379,147	178,531	211,914
Depreciation of right-of-use assets	14	2,645	2,385	2,126	1,063	1,292
Amortisation of other intangible assets	15	4,064	3,809	5,842	2,889	3,725
Losses/(gains) on disposal of items of property, plant and equipment	6	14,918	572	(1)	(1)	(592)
Gains on disposal of land use rights	6	(16,275)	—	—	—	—
Fair value losses on derivative financial instruments	6	6,559	1,407	—	—	178
Share-based payment expenses	28	178	900	1,431	756	1,127
(Increase)/decrease in inventories		108,694	(199,262)	(347,509)	(199,911)	(253,820)
Increase in trade receivables		(24,307)	(211,075)	(259,776)	(27,489)	(301,346)
Increase in debt investments at fair value through other comprehensive income		(26,844)	(7,130)	(52,070)	(45,504)	(23,200)
(Increase)/decrease in prepayments, deposits and other assets		16,282	(60,268)	(13,273)	68,930	(58,311)
Increase in accounts and bills payables		30,190	304,741	158,016	54,304	309,219
Increase/(decrease) in other payables and accruals		58,160	109,073	135,473	(18,374)	130,676
Increase/(decrease) in contract liabilities		2,923	(12,602)	3,040	(1,613)	(972)
Increase/(decrease) in deferred income		220	2,833	3,240	(6,244)	(2,902)
(Increase)/decrease in restricted cash		—	—	(10,000)	—	1,760
Cash generated from operations		848,502	640,140	439,927	221,409	118,365
Interest received		4,458	4,727	2,401	1,493	1,634
Income taxes paid		(34,466)	(39,067)	(29,599)	(13,768)	(54,144)
Net cash flows from operating activities		818,494	605,800	412,729	209,134	65,855

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment and other intangible assets		3,527	6,171	—	3	3,852
Proceeds from disposal of land use right		16,988	—	—	—	—
Cash received from construction deposits		20,217	—	—	—	5,000
Purchases of items of property, plant and equipment and other intangible assets		(704,844)	(1,275,406)	(1,511,358)	(651,592)	(1,356,015)
Payment of construction deposits		(1,550)	(15,020)	—	—	—
Payment for settlement of derivative financial instruments		(6,675)	(1,062)	—	—	—
Deregistrations of subsidiaries		—	417	—	—	—
Net cash flows used in investing activities		(672,337)	(1,284,900)	(1,511,358)	(651,589)	(1,347,163)
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution received from issuance of ordinary shares		—	—	827,464	—	—
New bank loans and other borrowings		1,561,841	2,346,147	3,135,567	1,973,871	2,423,256
Repayment of bank loans and other borrowings		(1,213,754)	(1,656,380)	(2,253,133)	(1,172,980)	(953,780)
Payment of A shares listing expenses		(2,627)	(3,500)	(18,175)	(1,600)	—
Principal portion of lease payments		(575)	(364)	(54)	(27)	(387)
Interest paid		(89,878)	(106,303)	(125,613)	(61,492)	(72,936)
Dividends paid to shareholders of the Company		(162,016)	—	—	—	—
Net cash flows from financing activities		92,991	579,600	1,566,056	737,772	1,396,153
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		239,148	(99,500)	467,427	295,317	114,845
Cash and cash equivalents at beginning of year/period		315,900	585,005	541,087	541,087	1,014,752
Effect of foreign exchange rate changes, net		29,957	55,582	6,238	20,475	(36,185)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		585,005	541,087	1,014,752	856,879	1,093,412
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	21	585,005	541,087	1,024,752	856,879	1,101,652
Less: pledged deposits	21	—	—	10,000	—	8,240
Cash and cash equivalents as stated in the statements of financial position and the statements of cash flows	21	585,005	541,087	1,014,752	856,879	1,093,412

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	13	2,009,287	2,062,958	1,971,308	2,163,694
Right-of-use assets	14	82,707	80,576	78,703	78,208
Other intangible assets		1,829	3,438	3,201	3,237
Investments in subsidiaries	1	976,752	1,540,191	1,965,542	2,619,747
Deferred tax assets	16	22,764	23,175	26,696	24,220
Prepayments, deposits and other assets	19	6,435	1,275	9,072	62,306
Total non-current assets		3,099,774	3,711,613	4,054,522	4,951,412
CURRENT ASSETS					
Inventories	17	273,528	298,803	439,211	545,966
Trade and bills receivables	18	878,524	928,732	1,021,535	1,325,521
Prepayments, deposits and other assets	19	47,765	109,179	127,161	447,101
Debt investments at fair value through other comprehensive income	20	4,369	17,239	45,572	61,352
Pledged deposits	21	—	—	10,000	8,240
Cash and cash equivalents	21	178,174	139,778	492,644	404,782
Total current assets		1,382,360	1,493,731	2,136,123	2,792,962
CURRENT LIABILITIES					
Accounts and bills payables	22	937,478	990,339	1,047,507	1,388,896
Other payables and accruals	23	331,217	334,652	330,507	398,136
Contract liabilities	24	73	379	114	885
Interest-bearing bank borrowings	26	637,647	1,427,081	493,627	474,498
Lease liabilities	14	306	—	—	92
Tax payable		13,514	6,370	9,192	—
Total current liabilities		1,920,235	2,758,821	1,880,947	2,262,507
NET CURRENT (LIABILITIES)/ ASSETS		(537,875)	(1,265,090)	255,176	530,455
TOTAL ASSETS LESS CURRENT LIABILITIES		2,561,899	2,446,523	4,309,698	5,481,867
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	26	950,666	623,700	1,483,400	2,461,740
Lease liabilities	14	—	—	—	354
Deferred tax liabilities	16	1,941	1,688	1,476	—
Deferred income	25	136,426	139,394	142,781	140,026
Total non-current liabilities		1,089,033	764,782	1,627,657	2,602,120
Net assets		1,472,866	1,681,741	2,682,041	2,879,747

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
EQUITY					
Share capital	27	384,529	384,529	437,029	437,029
Reserves	29	1,088,337	1,297,212	2,245,012	2,442,718
Total equity		1,472,866	1,681,741	2,682,041	2,879,747

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Dynamic Electronics Co., Ltd. (超穎電子電路股份有限公司, the "**Company**") was established as a limited liability company under the laws of the People's Republic of China ("**PRC**") on 6 November 2015, and was converted into a joint stock company with limited liability under the laws of the PRC on 7 December 2022. Our Company completed the listing of A Shares on the Shanghai Stock Exchange (stock code: 603175.SH) in October 2025. The registered office, headquarters and principal place of business of the Company are set out in the section headed "Corporate Information" in the document.

During the Relevant Periods, the Group was principally engaged in the research, development, manufacturing and sale of rigid printed circuit boards ("**PCBs**" or "**PCB products**").

In the opinion of the directors, one of the controlling shareholders of the Company are Dynamic Electronics Holding Pte. Ltd., a limited liability company incorporated in Singapore and Dynamic Holding Co., Ltd., a limited liability company established in Taiwan, China.

As of the date of this report, 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:

Name	Notes	Place and date of registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Dynamic Electronics (Kunshan) Co., Ltd.* (定穎電子(昆山)有限公司)	(a)	PRC/Chinese mainland 6 February 2002	RMB592,008,324	100%	—	Research, development, manufacturing and sale of PCBs
Dynamic Electronics Co., Ltd.	(b)	Seychelles 3 October 2014	USD50,000	100%	—	Sale of PCBs
Dynamic Electronics Overseas Investment Holding Pte. Ltd.	(c)	Singapore 2 January 2015	USD274,050,000	100%	—	Investment holding
Dynamic Technology Manufacturing (Thailand) Co., Ltd.	(d)	Thailand 25 April 2023	THB9,100,000,000	—	100%	Research, development, manufacturing and sale of PCBs

* The English names of above company registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of the company as the company does not have official English names.

Notes:

(a) The statutory financial statements of the entity for the year ended 31 December 2023, 2024 and 2025 prepared under China Accounting Standards for Business Enterprises ("**CASBE**") were audited by Huaxing Certified Public Accountants LLP (華興會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

(b) No audited financial statements have been prepared for the entity for the year ended 31 December 2023, 2024 and 2025.

(c) The statutory financial statements of this entity for the year ended 31 December 2023, 2024 and 2025 prepared under Financial Reporting Standards in Singapore ("**FRS**") were audited by TY TEOH International LLP, certified public accountants registered in Singapore.

(d) The statutory financial statements of this entity for the year ended 31 December 2023, 2024 and 2025 prepared under Thai Financial Reporting Standards ("**TFRS**") were audited by TER Audit Co., Ltd., Kreston AS (Thailand) Co., Ltd., Arbor AS (Thailand) Co., Ltd., respectively, certified public accountants registered in Thailand.

Company

The carrying amounts of the Company's investments in subsidiaries are as follows:

	Year ended 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment, at cost	976,752	1,540,191	1,965,542	2,619,747
Less: provision for impairment	—	—	—	—
Net carrying amount	976,752	1,540,191	1,965,542	2,619,747

The directors assessed and concluded that no impairment was needed for the investments in the subsidiaries as at the end of each of the Relevant Periods.

2.1 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 ("**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information include the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
Amendments to IAS 28	*Fair Value Option for Investments in Associates and Joint Ventures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

1 Effective for annual/reporting periods beginning on or after 1 January 2027

2 Effective for annual periods beginning on or after 1 January 2029

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss, consolidated statements of comprehensive income and consolidated statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, 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.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statements of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years/periods. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statements 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:

Buildings	3.00% to 20.00%
Machinery	9.00% to 19.40%
Vehicles	19.40% to 24.25%
Office and other equipment	18.00% to 32.33%
Freehold land	Not Depreciated

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at each financial year end.

Software	3 to 5 years
Pollution emission right	5 years
Others	10 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the prevailing industry practice.

Research and development costs

All research costs are charged to the statements of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	50 years
Machinery and motor vehicles	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statements of profit or loss. This category includes derivative instruments.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss ("**FVTPL**"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, derivative financial instruments, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts and bills payables, other payables and accruals, derivative financial instruments and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (accounts and bills payables, other payables and accruals, interest-bearing bank borrowings)

After initial recognition, accounts and bills payables, other payables and accruals, interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign currency forward contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. The amount of write-down of inventories to net realisable value is recognised as other expenses in consolidated statements of profit or loss in the period in which the write down occurs.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Safety fund surplus reserve

The Group's provisions for safety operations are determined based on the Group's revenue arising from the sale of PCBs in compliance with related PRC rules and regulations. The Group has appropriated a certain amount of profit to the safety fund surplus reserve for the purposes of safety operations purposes as required by directives issued by the relevant PRC government authorities. The Group charged the safety operations expense to profit or loss when such expense was incurred, and at the same time an equal amount of special reserve fund was utilised and transferred back to retain earning.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the Group receives the government subsidy for loan interest, the grants are recognised in the profit or loss by way of a reduced finance costs.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of PCBs

Revenue from the sale of PCBs is recognised at the point in time when control of the assets is transferred to the customers, which for domestic sales are generally at the time of acceptance of the products, and for overseas sales (including China's bonded zones) are generally at the point defined by the terms of international trade.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Share-based payments

The Company operates stock ownership schemes and a stock option incentive plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Company and its subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and these subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

For overseas subsidiaries, the Group pays fixed contributions into a local separate fund, which is responsible for paying pensions and other post-retirement benefits to the retired employees. The amounts based on the defined contribution plans are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss for the current period.

Housing fund and other social insurances — Chinese mainland

The Company and its subsidiaries which operate in Chinese mainland has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in the Relevant Periods.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statements of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of overseas subsidiaries are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of this entity are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statements of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the reporting periods are translated into RMB at the weighted average exchange rate for each of the Relevant Periods.

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Development expenses

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. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group had accumulated tax losses of RMB258,265,000, RMB324,199,000, RMB462,854,000 and RMB769,188,000 carried forward as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB69,160,000, RMB79,676,000, RMB106,660,000, RMB88,017,000 and RMB167,029,000 for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Further details on deferred tax are disclosed in note 16 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

For trade receivables, the Group uses a provision matrix to calculate ECLs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Write-down of inventories to net realisable value

The Group reviews the carrying amounts of the inventories at the end of each of the Relevant Periods to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on the current market situation and historical experience on similar inventories. Any changes in the assumptions would increase or decrease the amounts of inventories written down or the related reversals of write-down and affect the Group's financial position.

Share-based payments

During the vesting period, the Group makes the best estimate of the number of equity instruments expected to vest at the end of each of the Relevant Periods. Share-based payment expenses are recognised on a straight-line basis over the vesting period, based on the fair value of the equity instruments at the grant date and adjusted for the latest subsequent information regarding expected forfeitures.

The fair value of the equity instruments granted under the stock ownership schemes is determined by an external valuer at the grant date. For equity instruments granted under the stock option incentive plan, the fair value is estimated using the Black-Scholes option pricing model, incorporating key assumptions such as the expected volatility, risk-free interest rate, expected term, and dividend yield. Further details are included in note 28 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

Revenue is attributed to geographical areas based on the locations of customers. Revenues by geographical based on the locations of customers for each of the Relevant Periods and the six months ended 30 June 2025 are presented as follows:

Segments	**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 (excluding China's bonded zones)	767,284	856,972	1,157,742	464,443	821,159
Asia (excluding Chinese mainland)	1,181,529	1,077,793	1,452,408	664,235	820,262
Europe	782,435	752,784	699,900	349,808	355,458
the Americas	370,364	500,052	490,326	232,142	372,206
Africa	5,338	3,468	2,955	2,018	1,869
China's bonded zones	549,302	932,548	949,009	472,131	541,090
Total revenue	3,656,252	4,123,617	4,752,340	2,184,777	2,912,044

(b) Non-current assets

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chinese mainland	2,416,584	2,420,870	2,327,062	2,606,747
Thailand	222,378	1,753,066	2,387,323	3,366,653
Others	—	43	33	28
Total non-current assets	2,638,962	4,173,979	4,714,418	5,973,428

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue from a single customer or a group of customers under common control amounting to over 10% of the total revenue of the Group during the Relevant Periods and six months ended 30 June 2025 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*
Customer A	636,887	567,551	543,915	265,363	*
Customer B	466,673	*	*	*	*

* Less than 10% of the Group's revenue during the corresponding period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue 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*
Revenue from contracts with customers					
PCBs	3,534,961	3,945,367	4,439,041	2,052,785	2,708,546
Others*	121,291	178,250	313,299	131,992	203,498
Total	3,656,252	4,123,617	4,752,340	2,184,777	2,912,044

* Others mainly represented the sales of scrap materials which contain copper.

Revenue from contracts with customers

(a) Disaggregated revenue information

	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*
Types of products or services					
PCBs	3,534,961	3,945,367	4,439,041	2,052,785	2,708,546
Others	121,291	178,250	313,299	131,992	203,498
Total	3,656,252	4,123,617	4,752,340	2,184,777	2,912,044
Geographical markets					
Chinese mainland (excluding China's bonded zones)	767,284	856,972	1,157,742	464,443	821,159
Outside Chinese mainland	2,888,968	3,266,645	3,594,598	1,720,334	2,090,885
Total	3,656,252	4,123,617	4,752,340	2,184,777	2,912,044
Timing of revenue recognition					
Goods and services transferred at a point in time	3,656,252	4,123,617	4,752,340	2,184,777	2,912,044

The following table shows the amounts of revenue recognised during the Relevant Periods and the six months ended 30 June 2025 that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	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*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:					
PCBs	23,880	26,809	14,165	14,100	17,282

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon the customer's acceptance of the PCBs for domestic sales and at the point defined by the terms of international trade for overseas sales. Payment is generally due within 60 to 120 days from issuance of invoice and an advanced payment may be required as part of contractual arrangement for certain customers by the Group.

The amounts of transaction prices allocated to the remaining performance obligations are generally 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 of more than one year. Thus, management applied the 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 of the Relevant Periods.

Other income and gains

An analysis of other income and gains 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					
Interest income	4,458	4,727	2,401	1,493	1,634
Government grants*	19,117	20,224	26,898	18,132	13,749
Additional Value Added Tax ("**VAT**") deduction	—	12,399	6,567	3,255	3,766
Others	101	31	222	222	178
Total other income	23,676	37,381	36,088	23,102	19,327
Gains					
Gains on foreign exchange differences	18,114	52,529	51,456	40,189	—
Gains on disposal of items of property, plant and equipment	—	—	1	1	592
Gains on disposal of land use right	16,275	—	—	—	—
Others	1,530	1,354	2,248	692	976
Total gains	35,919	53,883	53,705	40,882	1,568
Total other income and gains	59,595	91,264	89,793	63,984	20,895

* The government grants mainly represent subsidies received from the government that are relating to both income and assets.

Government grants relating to income items were awarded for the Company's contribution to local economic growth. These grants related to income are recognised in profit or loss upon receipt and there are no unfulfilled conditions or contingencies relating to these grants.

The Group has also received certain government grants related to assets. Upon receipt, when the Group has complied with all attaching conditions and requirements, the grants are recognised as deferred income and released to profit or loss over the expected useful life of the relevant assets.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Cost of inventories sold		2,795,006	3,200,849	3,799,887	1,703,556	2,466,361
Cost of services provided		424	730	894	229	2,831
Depreciation of property, plant and equipment*	13	264,831	281,924	379,147	178,531	211,914
Depreciation of right-of-use assets*	14	2,645	2,385	2,126	1,063	1,292
Amortisation of other intangible assets*	15	4,064	3,809	5,842	2,889	3,725
Employee benefit expenses (excluding directors' and supervisors' remuneration (note 8))*****:						
Wages, salaries and other allowances		501,614	660,194	729,309	353,421	431,327
Pension scheme contributions		30,617	38,048	41,552	20,050	23,405
Share-based payment expenses		21	82	93	69	517
Total employee benefit expenses		532,252	698,324	770,954	373,540	455,249
Losses on derecognition of bills receivables**		807	306	126	126	—
Write-down of inventories to net realisable value**		23,418	22,112	72,385	37,634	65,072
Fair value losses on derivative financial instruments**		6,559	1,407	—	—	178
Impairment losses on property, plant and equipment**	13	4,600	2,592	909	—	—
Impairment/(reversal of impairment) of trade receivables	18	(7,101)	(3,455)	1,472	2,058	(1,662)
Impairment/(reversal of impairment) of other receivables		—	84	31	(19)	28
Foreign exchange differences, net****		(18,114)	(52,529)	(51,456)	(40,189)	170,528
Gains on disposal of land use rights***	5	(16,275)	—	—	—	—
Losses/(gains) on disposal of property, plant and equipment****		14,918	572	(1)	(1)	(592)

* The depreciation of property, plant and equipment, amortisation of other intangible assets, depreciation of right-of-use assets are included in "Cost of sales", "Selling and marketing expenses", "Administrative expenses", and "Research and development expenses" in the consolidated statements of profit or loss.

** Included in "Other expenses" in the consolidated statements of profit or loss.

*** Included in "Other income and gains" in the consolidated statements of profit or loss.

**** Included in "Other income and gains" or "Other expenses" in the consolidated statements of profit or loss.

***** Employee benefit expenses directly attributable to the sales of products and the provision of services are included in "Cost of inventories sold" and "Cost of services provided", respectively.

7. FINANCE COSTS

	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 borrowings	92,162	103,107	124,394	57,764	78,107
Interest on lease liabilities	28	10	5	3	65
Total	92,190	103,117	124,399	57,767	78,172

During the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026, the Company received government interest subsidies amounting to RMB3,500,000, RMB2,000,000, and RMB250,000 respectively, which were offset against finance costs for the respective periods.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods and the six months ended 30 June 2025 is set out below:

	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	360	360	360	180	180
Other emoluments:					
Salaries, allowances and benefits in kind	2,703	2,935	3,107	1,524	1,139
Performance related bonuses	6,484	6,332	3,311	2,517	—
Share-based payment expenses	157	818	1,338	687	610
Pension scheme contributions	91	97	130	50	22
Subtotal	9,435	10,182	7,886	4,778	1,771
Total	9,795	10,542	8,246	4,958	1,951

During the Relevant Periods and the six months ended 30 June 2025, certain directors were granted share awards and share options, in respect of their services to the Group, under the stock ownership schemes and the share option incentive plan of the Company, further details of which are set out in note 28 to the Historical Financial Information. The fair value of such awarded shares and share options, which has been recognised in the statements of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025 were 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*
Mr. Wang Shih-Ming	180	180	180	90	90
Mr. Lee Tai-Long	180	180	180	90	90
Total	360	360	360	180	180

In September 2026, the Company appointed Mr. Yick Tze Ho Adrian as an independent non-executive director, with effect from the [REDACTED].

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025.

(b) Executive directors, non-executive directors and supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Executive directors:					
Mr. Huang Ming-Hung	1,134	4,836	157	30	6,157
Mr. Chiu Chui-Ming	562	833	—	7	1,402
Subtotal	1,696	5,669	157	37	7,559
Non-executive director:					
Ms. Liu Kuo-Ching	—	—	—	—	—
Supervisors:					
Mr. Liu Chih-Yuan	590	392	—	6	988
Mr. Li Xianze	230	224	—	26	480
Ms. Zhu Meina	187	199	—	22	408
Subtotal	1,007	815	—	54	1,876
Total	2,703	6,484	157	91	9,435

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Executive directors:					
Mr. Huang Ming-Hung	1,236	4,835	818	35	6,924
Mr. Chiu Chui-Ming	563	813	—	7	1,383
Subtotal	1,799	5,648	818	42	8,307
Non-executive director:					
Ms. Liu Kuo-Ching	—	—	—	—	—
Supervisors:					
Mr. Liu Chih-Yuan	528	232	—	6	766
Mr. Li Xianze	333	264	—	25	622
Ms. Zhu Meina	275	188	—	24	487
Subtotal	1,136	684	—	55	1,875
Total	2,935	6,332	818	97	10,182

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025					
Executive directors:					
Mr. Huang Ming-Hung	1,240	2,425	1,338	35	5,038
Mr. Chiu Chui-Ming	567	650	—	7	1,224
Ms. He Junlan*	217	30	—	29	276
Subtotal	2,024	3,105	1,338	71	6,538
Non-executive director:					
Ms. Liu Kuo-Ching	—	—	—	—	—
Supervisors:					
Mr. Liu Chih-Yuan**	537	69	—	6	612
Mr. Li Xianze**	339	112	—	29	480
Ms. Zhu Meina**	207	25	—	24	256
Subtotal	1,083	206	—	59	1,348
Total	3,107	3,311	1,338	130	7,886

* Ms. He Junlan was appointed as the Company's executive director in November 2025.

** The Company dissolved the supervisory committee in November 2025. Mr. Liu Chih-Yuan, Mr. Li Xianze and Ms. Zhu Meina resigned from their position as supervisors accordingly.

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000 (unaudited)	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Six months ended 30 June 2025					
Executive directors:					
Mr. Huang Ming-Hung	630	1,912	687	18	3,247
Mr. Chiu Chui-Ming	283	399	—	3	685
Subtotal	913	2,311	687	21	3,932
Non-executive director:					
Ms. Liu Kuo-Ching	—	—	—	—	—
Supervisors:					
Mr. Liu Chih-Yuan	267	69	—	3	339
Mr. Li Xianze	243	112	—	14	369
Ms. Zhu Meina	101	25	—	12	138
Subtotal	611	206	—	29	846
Total	1,524	2,517	687	50	4,778

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2026					
Executive directors:					
Mr. Huang Ming-Hung	751	—	592	18	1,361
Mr. Chiu Chui-Ming*	272	—	4	3	279
Ms. He Junlan	116	—	14	1	131
Subtotal	1,139	—	610	22	1,771
Non-executive director:					
Ms. Liu Kuo-Ching	—	—	—	—	—
Total	1,139	—	610	22	1,771

* In September 2026, Mr. Chiu Chui-Ming resigned as the Company's executive director. The Company appointed Mr. Lee Ying-Kuei as the Company's executive director, with effective from the [REDACTED].

The remunerations of the directors and supervisors represent total remuneration received from the Group during the fiscal year in which they were appointed or resigned from their respective positions.

The remuneration of non-executive director in relation to her services rendered for the Company since her appointment was borne by the controlling shareholder of the Company.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods and six months ended 30 June 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2023, 2024 and 2025 and six months ended 30 June 2025 and 2026 included one, one, two, two, and one directors and supervisors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four, four, three, three and four highest paid employee who is neither a director nor a supervisor of the Company 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	4,524	4,688	4,113	1,862	3,665
Performance related bonuses	4,243	4,289	163	163	—
Share-based payment expenses	—	—	—	—	10
Pension scheme contributions	44	48	47	14	42
Total	8,811	9,025	4,323	2,039	3,717

The number of non-director and non-supervisor highest paid employee whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 *(unaudited)*	2026
HK$nil to HK$1,000,000	—	—	—	3	2
HK$1,000,001 to HK$1,500,000	—	—	2	—	2
HK$1,500,001 to HK$2,000,000	1	1	—	—	—
HK$2,000,001 to HK$2,500,000	1	1	1	—	—
HK$2,500,001 to HK$3,000,000	1	1	—	—	—
HK$3,000,001 to HK$3,500,000	1	1	—	—	—
Total	4	4	3	3	4

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

Chinese mainland

Pursuant to the Enterprise Income Tax Law of the PRC (the "**EIT Law**") and the respective regulations, the Company and its subsidiaries which operate in the Chinese mainland are subject to income tax at the statutory rate of 25% on the taxable income except those which are subject to preferential tax set out below:

On 12 October 2022, the Company was qualified as a High and New Technology Enterprise ("**HNTE**") for a three-year period and subsequently renewed in 2025, the status of the HNTE is valid until 2027. Accordingly, the Company was entitled to a preferential income tax rate of 15% during the Relevant Periods.

Thailand

Under the investment promotion policy of the Thailand Board of Investment, the Thailand subsidiary is entitled to an exemption from corporate income tax on assessable profits arising in Thailand, subject to an aggregate exemption cap equal to 100% of the investment amount (excluding land and working capital). The exemption is available for a period of up to eight years commencing from the date on which the Thailand subsidiary first generates operating income.

Singapore

The subsidiary incorporated in Singapore was subject to the 17% tax rate of assessable profits during the Relevant Periods.

Seychelles

The subsidiary incorporated in Seychelles was exempted from income tax for the Relevant Periods.

The income tax expense of the Group for the Relevant Periods 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*
Current income tax	33,195	31,917	32,416	15,214	42,573
Deferred income tax *(note 16)*	18,023	20,809	3,291	3,761	(29,393)
Total	51,218	52,726	35,707	18,975	13,180

A reconciliation of the tax expense applicable to profit/(loss) before tax at the preferential tax rate for the country in which the Company 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/(loss) before tax	317,373	328,943	267,057	177,774	(178,026)
Tax at the statutory tax rate	47,606	49,342	40,059	26,666	(26,704)
Effect of different tax rates for specific jurisdictions or enacted by local authority	1,262	26,158	28,853	11,456	39,687
Adjustments in respect of current tax of previous periods	3,368	31	372	372	271
Expenses not deductible for tax	3,470	651	407	646	318
Additional deductible allowance for qualified research and development costs*	(10,501)	(11,332)	(11,140)	(5,570)	(6,466)
Utilisation of previously unrecognised tax losses and deductible temporary differences	—	(12,124)	—	(1,194)	—
Tax losses and deductible temporary differences not recognised	6,013	—	(22,844)	(13,401)	6,074
Tax charge at the Group's effective tax rate	51,218	52,726	35,707	18,975	13,180

11. DIVIDEND

	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*
Final dividend in respect of the previous year declared during the following year/ period (tax inclusive)	—	—	—	—	69,925

In May 2026, a final dividend of RMB1.60 per 10 shares (tax inclusive), totalling approximately RMB69,925,000, in respect of the year ended 31 December 2025, was approved by the annual general meeting of the Company and paid in July 2026.

12. EARNINGS/LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/losses per share amount is based on the profit/loss attributable to ordinary equity holders of the parent, and the weighted averages number of ordinary shares outstanding during the Relevant Periods and six months ended 30 June 2025.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025. No adjustment has been made to the basic losses per share amount presented for the six months ended 30 June 2026 in respect of a dilution as the impact of the awarded options granted by the Company had an anti-dilutive effect on the basic losses per share amounts.

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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Earnings/(losses)					
Profit/(loss) for the year/period attributable to ordinary equity holders of the parent	266,155	276,217	231,350	158,799	(191,206)

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	000	*000*	*000*	*000* *(unaudited)*	*000*
Shares:					
Weighted average number of ordinary shares outstanding during the year/period, used in the basic and diluted earnings per share calculations	384,529	384,529	394,454	384,529	437,029

13. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023	**Buildings**	**Machinery**	**Vehicles**	**Office and other equipment**	**Freehold land**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023:							
Cost	1,546,729	2,189,243	7,323	116,692	—	69,727	3,929,714
Accumulated depreciation and impairment	(383,459)	(1,108,722)	(6,162)	(91,870)	—	—	(1,590,213)
Net carrying amount	1,163,270	1,080,521	1,161	24,822	—	69,727	2,339,501
At 1 January 2023, net of accumulated depreciation and impairment	1,163,270	1,080,521	1,161	24,822	—	69,727	2,339,501
Additions	—	652	401	1,137	71,746	406,256	480,192
Disposals	—	(17,684)	(64)	(291)	—	—	(18,039)
Transfers	90,202	140,862	—	7,689	—	(238,753)	—
Depreciation provided during the year	(89,139)	(164,604)	(399)	(10,689)	—	—	(264,831)
Impairment	—	(4,600)	—	—	—	—	(4,600)
Exchange realignment	—	—	—	—	1,378	2,742	4,120
At 31 December 2023, net of accumulated depreciation and impairment	1,164,333	1,035,147	1,099	22,668	73,124	239,972	2,536,343
At 31 December 2023:							
Cost	1,636,931	2,272,247	6,217	120,216	73,124	239,972	4,348,707
Accumulated depreciation and impairment	(472,598)	(1,237,100)	(5,118)	(97,548)	—	—	(1,812,364)
Net carrying amount	1,164,333	1,035,147	1,099	22,668	73,124	239,972	2,536,343

31 December 2024	**Buildings**	**Machinery**	**Vehicles**	**Office and other equipment**	**Freehold land**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:							
Cost	1,636,931	2,272,247	6,217	120,216	73,124	239,972	4,348,707
Accumulated depreciation and impairment	(472,598)	(1,237,100)	(5,118)	(97,548)	—	—	(1,812,364)
Net carrying amount	1,164,333	1,035,147	1,099	22,668	73,124	239,972	2,536,343
At 1 January 2024, net of accumulated depreciation and impairment	1,164,333	1,035,147	1,099	22,668	73,124	239,972	2,536,343
Additions	10,904	21,196	1,673	5,475	2,311	1,734,938	1,776,497
Disposals	—	(6,265)	—	(70)	—	—	(6,335)
Transfers	893,834	442,827	—	41,284	—	(1,377,945)	—
Depreciation provided during the year	(96,244)	(173,523)	(514)	(11,643)	—	—	(281,924)
Impairment	—	(2,538)	—	(54)	—	—	(2,592)
Exchange realignment	—	—	3	—	1,861	20,434	22,298
At 31 December 2024, net of accumulated depreciation and impairment	1,972,827	1,316,844	2,261	57,660	77,296	617,399	4,044,287
At 31 December 2024:							
Cost	2,541,669	2,665,732	7,893	166,083	77,296	617,399	6,076,072
Accumulated depreciation and impairment	(568,842)	(1,348,888)	(5,632)	(108,423)	—	—	(2,031,785)
Net carrying amount	1,972,827	1,316,844	2,261	57,660	77,296	617,399	4,044,287

31 December 2025	Buildings	Machinery	Vehicles	Office and other equipment	Freehold land	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025:							
Cost	2,541,669	2,665,732	7,893	166,083	77,296	617,399	6,076,072
Accumulated depreciation and impairment	(568,842)	(1,348,888)	(5,632)	(108,423)	—	—	(2,031,785)
Net carrying amount	1,972,827	1,316,844	2,261	57,660	77,296	617,399	4,044,287
At 1 January 2025, net of accumulated depreciation and impairment	1,972,827	1,316,844	2,261	57,660	77,296	617,399	4,044,287
Additions	265	14,773	1,574	4,592	4,122	745,909	771,235
Disposals	—	(78)	(1)	—	—	—	(79)
Transfers	115,993	762,050	—	8,476	—	(886,519)	—
Depreciation provided during the year	(136,438)	(224,308)	(775)	(17,626)	—	—	(379,147)
Impairment	—	(874)	—	(35)	—	—	(909)
Exchange realignment	40,528	9,603	76	1,608	3,591	22,533	77,939
At 31 December 2025, net of accumulated depreciation and impairment	1,993,175	1,878,010	3,135	54,675	85,009	499,322	4,513,326
At 31 December 2025:							
Cost	2,698,924	3,449,702	9,515	180,909	85,009	499,322	6,923,381
Accumulated depreciation and impairment	(705,749)	(1,571,692)	(6,380)	(126,234)	—	—	(2,410,055)
Net carrying amount	1,993,175	1,878,010	3,135	54,675	85,009	499,322	4,513,326

30 June 2026	Buildings	Machinery	Vehicles	Office and other equipment	Freehold land	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026:							
Cost	2,698,924	3,449,702	9,515	180,909	85,009	499,322	6,923,381
Accumulated depreciation and impairment	(705,749)	(1,571,692)	(6,380)	(126,234)	—	—	(2,410,055)
Net carrying amount	1,993,175	1,878,010	3,135	54,675	85,009	499,322	4,513,326
At 1 January 2026, accumulated depreciation and impairment	1,993,175	1,878,010	3,135	54,675	85,009	499,322	4,513,326
Additions	1,078	1,300	4,927	940	—	1,420,190	1,428,435
Disposals	—	(3,418)	(47)	(51)	—	—	(3,516)
Transfers	17,485	271,977	45	10,298	—	(299,805)	—
Depreciation provided during the period	(63,318)	(136,055)	(807)	(11,734)	—	—	(211,914)
Impairment	—	—	—	—	—	—	—
Exchange realignment	(79,425)	(60,309)	(186)	(2,572)	(6,982)	(78,973)	(228,447)
At 30 June 2026, net of accumulated depreciation and impairment	1,868,995	1,951,505	7,067	51,556	78,027	1,540,734	5,497,884
At 30 June 2026							
Cost	2,632,830	3,616,418	13,220	187,333	78,027	1,540,734	8,068,562
Accumulated depreciation and impairment	(763,835)	(1,664,913)	(6,153)	(135,777)	—	—	(2,570,678)
Net carrying amount	1,868,995	1,951,505	7,067	51,556	78,027	1,540,734	5,497,884

Note:

Certain property, plant and equipment with net carrying amounts of RMB1,108,755,000, RMB1,007,438,000, RMB1,214,837,000 and RMB1,123,792,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively, were pledged as security for bank facilities granted to the Group.

Certificates of ownership in respect of certain buildings of the Group with a total net carrying amount of approximately RMB115,056,000 and RMB23,009,000 at 31 December 2025 and 30 June 2026, respectively, have not yet been issued by the relevant authorities.

During the Relevant Periods, the Company has identified obsolete machinery which was idle and not expected to be used in the future, impairment loss amounting to RMB4,600,000, RMB2,592,000, RMB909,000 and nil, respectively, was recognised for machinery, office and other equipment based on their recoverable amount, based on a fair value less cost of disposal calculation. Besides that, the directors of the Group assessed and concluded there was no impairment indicator for the Group's other property, plant and equipment through the Relevant Periods.

The Company

31 December 2023	**Buildings**	**Machinery**	**Vehicles**	**Office and other equipment**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023:						
Cost	1,126,874	1,151,795	3,722	35,294	63,115	2,380,800
Accumulated depreciation	(109,537)	(275,713)	(2,688)	(22,408)	—	(410,346)
Net carrying amount	1,017,337	876,082	1,034	12,886	63,115	1,970,454
At 1 January 2023, net of accumulated depreciation	1,017,337	876,082	1,034	12,886	63,115	1,970,454
Additions	—	652	273	880	251,411	253,216
Internal transfers	89,702	128,809	—	2,319	(220,830)	—
Depreciation provided during the year	(72,808)	(135,616)	(390)	(5,569)	—	(214,383)
At 31 December 2023, net of accumulated depreciation	1,034,231	869,927	917	10,516	93,696	2,009,287
At 31 December 2023:						
Cost	1,216,576	1,281,256	3,995	38,493	93,696	2,634,016
Accumulated depreciation	(182,345)	(411,329)	(3,078)	(27,977)	—	(624,729)
Net carrying amount	1,034,231	869,927	917	10,516	93,696	2,009,287

31 December 2024	**Buildings**	**Machinery**	**Vehicles**	**Office and other equipment**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:						
Cost	1,216,576	1,281,256	3,995	38,493	93,696	2,634,016
Accumulated depreciation	(182,345)	(411,329)	(3,078)	(27,977)	—	(624,729)
Net carrying amount	1,034,231	869,927	917	10,516	93,696	2,009,287
At 1 January 2024, net of accumulated depreciation	1,034,231	869,927	917	10,516	93,696	2,009,287
Additions	—	21,049	—	1,317	259,355	281,721
Disposals	—	(61)	—	—	—	(61)
Internal transfers	22,349	228,995	—	7,560	(258,904)	—
Depreciation provided during the year	(73,518)	(148,805)	(365)	(5,301)	—	(227,989)
At 31 December 2024, net of accumulated depreciation	983,062	971,105	552	14,092	94,147	2,062,958
At 31 December 2024:						
Cost	1,238,925	1,532,265	3,995	47,370	94,147	2,916,702
Accumulated depreciation	(255,863)	(561,160)	(3,443)	(33,278)	—	(853,744)
Net carrying amount	983,062	971,105	552	14,092	94,147	2,062,958

31 December 2025	**Buildings**	**Machinery**	**Vehicles**	**Office and other equipment**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025:						
Cost	1,238,925	1,532,265	3,995	47,370	94,147	2,916,702
Accumulated depreciation	(255,863)	(561,160)	(3,443)	(33,278)	—	(853,744)
Net carrying amount	983,062	971,105	552	14,092	94,147	2,062,958
At 1 January 2025, net of accumulated depreciation	983,062	971,105	552	14,092	94,147	2,062,958
Additions	—	1,120	542	49	148,741	150,452
Disposals	—	(3,609)	—	—	—	(3,609)
Internal transfers	8,840	192,110	—	6,250	(207,200)	—
Depreciation provided during the year	(72,874)	(160,084)	(285)	(5,250)	—	(238,493)
At 31 December 2025, net of accumulated depreciation	919,028	1,000,642	809	15,141	35,688	1,971,308
At 31 December 2025:						
Cost	1,247,765	1,718,500	4,537	53,669	35,688	3,060,159
Accumulated depreciation	(328,737)	(717,858)	(3,728)	(38,528)	—	(1,088,851)
Net carrying amount	919,028	1,000,642	809	15,141	35,688	1,971,308

30 June 2026	**Buildings**	**Machinery**	**Vehicles**	**Office and other equipment**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026:						
Cost	1,247,765	1,718,500	4,537	53,669	35,688	3,060,159
Accumulated depreciation	(328,737)	(717,858)	(3,728)	(38,528)	—	(1,088,851)
Net carrying amount	919,028	1,000,642	809	15,141	35,688	1,971,308
At 1 January 2026, accumulated depreciation	919,028	1,000,642	809	15,141	35,688	1,971,308
Additions	320	1,273	—	227	320,169	321,989
Disposals	—	(3,292)	(17)	—	—	(3,309)
Transfers	—	110,237	45	1,793	(112,075)	—
Depreciation provided during the period	(32,732)	(87,675)	(174)	(5,713)	—	(126,294)
At 30 June 2026, net of accumulated depreciation	886,616	1,021,185	663	11,448	243,782	2,163,694
At 30 June 2026						
Cost	1,248,085	1,810,817	4,029	55,689	243,782	3,362,402
Accumulated depreciation	(361,469)	(789,632)	(3,366)	(44,241)	—	(1,198,708)
Net carrying amount	886,616	1,021,185	663	11,448	243,782	2,163,694

Note:

Certain property, plant and equipment with net carrying amounts of RMB1,108,755,000, RMB1,007,438,000, RMB909,444,000 and RMB854,934,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively, were pledged as security for bank facilities granted to the Company.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of machinery and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the land use rights from the government with lease periods of 50 years, and no ongoing payments will be made under the terms of these land use rights. Leases of machinery and motor vehicles and premises generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

Year ended 31 December 2023	**Land use rights**	**Machinery and motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023:			
Cost	105,081	1,037	106,118
Accumulated depreciation	(14,073)	(259)	(14,332)
Net carrying amount	91,008	778	91,786
At 1 January 2023, net of accumulated depreciation	91,008	778	91,786
Additions	—	249	249
Depreciation provided during the year	(2,093)	(552)	(2,645)
Disposals	(713)	—	(713)
At 31 December 2023	88,202	475	88,677

Year ended 31 December 2024	**Land use rights**	**Machinery and motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024:			
Cost	103,833	1,286	105,119
Accumulated depreciation	(15,631)	(811)	(16,442)
Net carrying amount	88,202	475	88,677
At 1 January 2024, net of accumulated depreciation	88,202	475	88,677
Depreciation provided during the year	(2,076)	(309)	(2,385)
At 31 December 2024	86,126	166	86,292

Year ended 31 December 2025	**Land use rights**	**Machinery and motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2025:			
Cost	103,833	249	104,082
Accumulated depreciation	(17,707)	(83)	(17,790)
Net carrying amount	86,126	166	86,292
At 1 January 2025, net of accumulated depreciation	86,126	166	86,292
Depreciation provided during the year	(2,077)	(49)	(2,126)
At 31 December 2025	84,049	117	84,166

Six months ended 30 June 2026	**Premises**	**Land use rights**	**Machinery and motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026:				
Cost	—	103,833	249	104,082
Accumulated depreciation	—	(19,784)	(132)	(19,916)
Net carrying amount	—	84,049	117	84,166
At 1 January 2026, net of accumulated depreciation	—	84,049	117	84,166
Additions	11,277	—	483	11,760
Depreciation provided during the period	(188)	(1,039)	(65)	(1,292)
Exchange realignment	(511)	—	—	(511)
At 30 June 2026	10,578	83,010	535	94,123

Note:

Certain land use rights with net carrying amounts of approximately RMB82,448,000, RMB80,576,000, RMB78,703,000 and RMB77,765,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively, were pledged as securities for bank facilities granted to the Group.

The Company

Year ended 31 December 2023	**Land use rights**	**Machinery and motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023:			
Cost	93,650	1,037	94,687
Accumulated depreciation	(9,329)	(259)	(9,588)
Net carrying amount	84,321	778	85,099
At 1 January 2023, net of accumulated depreciation	84,321	778	85,099
Depreciation provided during the year	(1,873)	(519)	(2,392)
At 31 December 2023	82,448	259	82,707

Year ended 31 December 2024	**Land use rights**	**Machinery and motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024:			
Cost	93,650	1,037	94,687
Accumulated depreciation	(11,202)	(778)	(11,980)
Net carrying amount	82,448	259	82,707
At 1 January 2024, net of accumulated depreciation	82,448	259	82,707
Depreciation provided during the year	(1,872)	(259)	(2,131)
At 31 December 2024	80,576	—	80,576

Year ended 31 December 2025	**Land use rights**	**Machinery and motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2025:			
Cost	93,650	—	93,650
Accumulated depreciation	(13,074)	—	(13,074)
Net carrying amount	80,576	—	80,576
At 1 January 2025, net of accumulated depreciation	80,576	—	80,576
Depreciation provided during the year	(1,873)	—	(1,873)
At 31 December 2025	78,703	—	78,703

Six months ended 30 June 2026	**Land use rights**	**Machinery and motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2026:			
Cost	93,650	—	93,650
Accumulated depreciation	(14,947)	—	(14,947)
Net carrying amount	78,703	—	78,703
At 1 January 2026, net of accumulated depreciation	78,703	—	78,703
Additions	—	483	483
Depreciation provided during the period	(938)	(40)	(978)
At 30 June 2026	77,765	443	78,208

Note:

Certain land use rights with net carrying amounts of approximately RMB82,448,000, RMB80,576,000, RMB78,703,000 and RMB77,765,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively, were pledged as securities for bank facilities granted to the Company.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods 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*
At the beginning of the year/period	823	525	171	122
New leases	249	—	—	11,760
Accretion of interest recognised during the year/period *(note 7)*	28	10	5	65
Payments	(575)	(364)	(54)	(387)
Exchange realignment	—	—	—	(507)
Carrying amount at the end of the year/period	525	171	122	11,053
Analysed into:				
Current portion	354	49	51	1,040
Non-current portion	171	122	71	10,013

The Company

	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	823	306	—	—
New leases	—	—	—	483
Accretion of interest recognised during the year/period	23	3	—	6
Payments	(540)	(309)	—	(43)
Carrying amount at the end of the year/period	306	—	—	446
Analysed into:				
Current portion	306	—	—	92
Non-current portion	—	—	—	354

(c) The amounts recognised in the consolidated statements of 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 *(note 7)*	28	10	5	3	65
Depreciation charge of right-of-use assets *(note 6)*	2,645	2,385	2,126	1,063	1,292
Expense relating to short-term leases and low-value assets	4,902	16,628	13,874	8,839	4,199
Gains on disposal of land use rights *(note 5)*	(16,275)	—	—	—	—
Total amount recognised in profit or loss	(8,700)	19,023	16,005	9,905	5,556

(d) The total cash outflow for leases and the maturity analysis of lease liabilities are disclosed in notes 30(c) and 36, respectively, to the Historical Financial Information.

15. OTHER INTANGIBLE ASSETS

The Group

	Pollution emission right	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023:			
Cost	2,435	20,924	23,359
Accumulated amortisation	(1,218)	(15,189)	(16,407)
Net carrying amount	1,217	5,735	6,952
At 1 January 2023, net of accumulated amortisation	1,217	5,735	6,952
Additions	—	239	239
Amortisation provided during the year	(486)	(3,578)	(4,064)
At 31 December 2023, net of accumulated amortisation	731	2,396	3,127
At 31 December 2023:			
Cost	2,435	21,163	23,598
Accumulated amortisation	(1,704)	(18,767)	(20,471)
Net carrying amount	731	2,396	3,127

	Pollution emission right	Software	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:				
Cost	2,435	21,163	—	23,598
Accumulated amortisation	(1,704)	(18,767)	—	(20,471)
Net carrying amount	731	2,396	—	3,127
At 1 January 2024, net of accumulated amortisation	731	2,396	—	3,127
Additions	522	11,166	957	12,645
Amortisation provided during the year	(497)	(3,296)	(16)	(3,809)
At 31 December 2024, net of accumulated amortisation	756	10,266	941	11,963
At 31 December 2024:				
Cost	2,957	32,329	957	36,243
Accumulated amortisation	(2,201)	(22,063)	(16)	(24,280)
Net carrying amount	756	10,266	941	11,963

31 December 2025	Pollution emission right	Software	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025:				
Cost	2,957	32,329	957	36,243
Accumulated amortisation	(2,201)	(22,063)	(16)	(24,280)
Net carrying amount	756	10,266	941	11,963
At 1 January 2025, net of accumulated amortisation	756	10,266	941	11,963
Additions	—	4,415	—	4,415
Amortisation provided during the year	(360)	(5,382)	(100)	(5,842)
Exchange realignment	—	331	44	375
At 31 December 2025, net of accumulated amortisation	396	9,630	885	10,911
At 31 December 2025:				
Cost	2,957	37,127	1,001	41,085
Accumulated amortisation	(2,561)	(27,497)	(116)	(30,174)
Net carrying amount	396	9,630	885	10,911

30 June 2026	**Pollution emission right**	**Software**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026:				
Cost	2,957	37,127	1,001	41,085
Accumulated amortisation	(2,561)	(27,497)	(116)	(30,174)
Net carrying amount	396	9,630	885	10,911
At 1 January 2026, net of accumulated amortisation	396	9,630	885	10,911
Additions	—	11,759	—	11,759
Amortisation provided during the year	(58)	(3,621)	(46)	(3,725)
Exchange realignment	—	(559)	(73)	(632)
At 30 June 2026 net of accumulated amortisation	338	17,209	766	18,313
At 30 June 2026				
Cost	2,957	47,950	919	51,826
Accumulated amortisation	(2,619)	(30,741)	(153)	(33,513)
Net carrying amount	338	17,209	766	18,313

16. DEFERRED TAX

The movements in deferred tax assets of the Group during the end of each of the Relevant Periods are as follows:

The Group

Deferred tax assets

	Tax losses	Deferred income	Impairment and write-down	Unrealised internal trading profits	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	34	20,440	1,153	60	123	21,810
Deferred tax credited/ (charged) to the statement of profit or loss during the year	52	24	1,100	(5)	(23)	1,148
At 31 December 2023	86	20,464	2,253	55	100	22,958
At 1 January 2024	86	20,464	2,253	55	100	22,958
Deferred tax (charged)/ credited to the statement of profit or loss during the year	(86)	445	13	73	(58)	387
At 31 December 2024	—	20,909	2,266	128	42	23,345

	Tax losses	Deferred income	Impairment and write-down	Unrealised internal trading profits	Lease liabilities	Accrued payroll	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	—	20,909	2,266	128	42	—	23,345
Deferred tax (charged)/ credited to the statement of profit or loss during the year	24,607	508	1,010	(128)	(12)	2,003	27,988
At 31 December 2025	24,607	21,417	3,276	—	30	2,003	51,333
At 1 January 2026	24,607	21,417	3,276	—	30	2,003	51,333
Deferred tax (charged)/ credited to the statement of profit or loss during the period	1,084	(413)	1,288	—	2,176	(2,003)	2,132
At 30 June 2026	25,691	21,004	4,564	—	2,206	—	53,465

Deferred tax liabilities

	Accelerated depreciation	Right-of-use assets	Withholding taxes	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	2,068	117	8,954	34	11,173
Deferred tax (credited)/charged to the statement of profit or loss during the year	(165)	(24)	19,308	52	19,171
At 31 December 2023	1,903	93	28,262	86	30,344
At 1 January 2024	1,903	93	28,262	86	30,344
Deferred tax (credited)/charged to the statement of profit or loss during the year	(215)	(51)	21,548	(86)	21,196
At 31 December 2024	1,688	42	49,810	—	51,540

	Accelerated depreciation	Right-of-use assets	Withholding taxes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	1,688	42	49,810	51,540
Deferred tax (credited)/charged to the statement of profit or loss during the year	(212)	(12)	31,503	31,279
At 31 December 2025	1,476	30	81,313	82,819
At 1 January 2026	1,476	30	81,313	82,819
Deferred tax (credited)/charged to the statement of profit or loss during the period	(128)	2,175	(29,308)	(27,261)
At 30 June 2026	1,348	2,205	52,005	55,558

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

The Group

	As at 31 December			As at 30 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	22,958	23,345	51,333	49,911
Net deferred tax liabilities recognised in the consolidated statement of financial position	30,344	51,540	82,819	52,004

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses not recognised	258,265	324,199	462,854	769,188
Deductible temporary differences	19,321	38,823	44,682	29,689
Total	277,586	363,022	507,536	798,877

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group has tax losses arising in Chinese mainland of approximately RMB253,583,000, RMB209,330,000, RMB132,012,000 and RMB158,310,000 respectively, which would expire in two to ten years for offsetting against future taxable profits.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group has tax losses arising in Singapore of approximately RMB90,000, nil, nil and nil, respectively, which are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group has tax losses arising in Thailand of approximately RMB4,592,000, RMB114,869,000, RMB330,842,000 and RMB610,878,000, respectively, which would expire in two to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

The movements in deferred tax assets of the Company during the end of each of the Relevant Periods are as follows:

Deferred tax assets

The Company

	Deferred income	Impairment and write-down	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	20,440	1,153	123	21,716
Deferred tax credited/(charged) to the statement of profit or loss during the year	24	1,100	(76)	1,048
At 31 December 2023	20,464	2,253	47	22,764
At 1 January 2024	20,464	2,253	47	22,764
Deferred tax credited/(charged) to the statement of profit or loss during the year	445	13	(47)	411
At 31 December 2024	20,909	2,266	—	23,175

	Deferred income	Impairment and write-down	Lease liabilities	Accrued payroll	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	20,909	2,266	—	—	23,175
Deferred tax credited/(charged) to the statement of profit or loss during the year	508	1,010	—	2,003	3,521
At 31 December 2025	21,417	3,276	—	2,003	26,696
At 1 January 2026	21,417	3,276	—	2,003	26,696
Deferred tax credited/(charged) to the statement of profit or loss during the period	(413)	1,288	67	(2,003)	(1,061)
At 30 June 2026	21,004	4,564	67	—	25,635

The movements in deferred tax liabilities of the Company during the end of each of the Relevant Periods are as follows:

Deferred tax liabilities

The Company

	Accelerated depreciation	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	2,068	117	2,185
Deferred tax (credited)/charged to the statement of profit or loss during the year	(165)	(79)	(244)
At 31 December 2023	1,903	38	1,941
At 1 January 2024	1,903	38	1,941
Deferred tax (credited)/charged to the statement of profit or loss during the year	(215)	(38)	(253)
At 31 December 2024	1,688	—	1,688

	Accelerated depreciation	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2025	1,688	—	1,688
Deferred tax (credited)/charged to the statement of profit or loss during the year	(212)	—	(212)
At 31 December 2025	1,476	—	1,476
At 1 January 2026	1,476	—	1,476
Deferred tax (credited)/charged to the statement of profit or loss during the period	(128)	67	(61)
At 30 June 2026	1,348	67	1,415

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

The Company

	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 statement of financial position	22,764	23,175	26,696	24,220
Net deferred tax liabilities recognised in the statement of financial position	1,941	1,688	1,476	—

17. 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	46,564	79,302	122,194	223,878
Work in progress	155,632	181,396	273,316	373,580
Finished goods	123,886	149,543	261,812	255,774
Goods in transit	203,072	295,932	323,592	318,130
Total	529,154	706,173	980,914	1,171,362

As of 31 December 2023, 2024 and 2025 and 30 June 2026, the provision of inventories of the Group amounted to RMB28,561,000, RMB28,343,000, RMB79,236,000 and RMB80,646,000, respectively.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	39,793	46,248	64,445	121,972
Work in progress	117,106	130,090	182,005	223,133
Finished goods	98,497	104,179	158,621	180,310
Goods in transit	18,132	18,286	34,140	20,551
Total	273,528	298,803	439,211	545,966

As of 31 December 2023, 2024 and 2025 and 30 June 2026, the provision of inventories of the Company amounted to RMB12,840,000, RMB13,513,000, RMB20,311,000 and RMB29,761,000, respectively.

18. TRADE AND BILLS 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	994,036	1,101,800	1,367,472	1,669,757
Bills receivable*	12,382	18,796	12,747	11,687
	1,006,418	1,120,596	1,380,219	1,681,444
Less: impairment	7,840	4,425	5,816	4,033
Net carrying amount	998,578	1,116,171	1,374,403	1,677,411

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	171,333	255,167	431,545	521,561
Due from subsidiaries	709,281	669,499	588,755	803,064
Bills receivable*	—	5,528	2,641	1,418
	880,614	930,194	1,022,941	1,326,043
Less: impairment	2,090	1,462	1,406	522
Net carrying amount	878,524	928,732	1,021,535	1,325,521

* The Group's bills receivable were bank acceptance bills which had maturities of within six months and were not past due.

The Group's trading terms with its customers are mainly on credit. The credit period is generally ranged from 60 to 120 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. Trade receivables are non-interest-bearing.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group had certain concentrations of credit risk as 16.4%, 12.3%, 10.8% and 9.1% of the Group's trade receivables were due from the Group's largest customer, respectively, and 48.6%, 38.6%, 36.7% and 37.6% of the Group's trade receivables were due from the Group's five largest customers, respectively.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods (based on the invoice date and net of loss allowance) is as follows:

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	998,578	1,116,171	1,374,403	1,677,411

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	878,524	928,732	1,021,535	1,325,521

The movements in the loss allowance for impairment of trade and bills receivables 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*
At the beginning of the year/period	14,923	7,840	4,425	5,816
Impairment losses, net	(7,101)	(3,455)	1,472	(1,662)
Amount written off as uncollectible	(170)	—	—	—
Exchange realignment	188	40	(81)	(121)
At the end of the year/period	7,840	4,425	5,816	4,033

The Company

	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	620	2,090	1,462	1,406
Impairment losses, net	1,640	(628)	(56)	(884)
Amount written off as uncollectible	(170)	—	—	—
	—	—	—	—
At the end of the year/period	2,090	1,462	1,406	522

The Group applies the general approach in calculating ECLs for bank acceptance bills receivable issued by reputable banks held by the Group with short-term maturities and assessed that the impairment losses for these bank acceptance bills were minimal during the Relevant Periods.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. For trade receivables, the Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on days past due of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. For the Company's trade receivables due from subsidiaries, the directors assessed that the impairment losses were minimal during the Relevant Periods. The following table details the risk profile of trade receivables:

The Group

As at 31 December 2023

		Past due		
	Current	Less than 30 days	Over 31 days	Total
Expected credit loss rate	*	10.00%	100.00%	0.79%
Gross carrying amount *(RMB'000)*	956,406	33,100	4,530	994,036
Expected credit losses *(RMB'000)*	*	3,310	4,530	7,840

As at 31 December 2024

		Past due		
	Current	Less than 30 days	over 31 days	Total
Expected credit loss rate	*	10.00%	100.00%	0.40%
Gross carrying amount *(RMB'000)*	1,067,614	33,068	1,118	1,101,800
Expected credit losses *(RMB'000)*	*	3,307	1,118	4,425

As at 31 December 2025

		Past due		
	Current	Less than 30 days	over 31 days	Total
Expected credit loss rate	*	10.00%	100.00%	0.43%
Gross carrying amount *(RMB'000)*	1,322,202	32,727	2,543	1,367,472
Expected credit losses *(RMB'000)*	*	3,273	2,543	5,816

As at 30 June 2026

		Past due		
	Current	**Less than 30 days**	**over 31 days**	**Total**
Expected credit loss rate	*	10.00%	100.00%	0.24%
Gross carrying amount *(RMB'000)*	1,633,643	35,645	469	1,669,757
Expected credit losses *(RMB'000)*	*	3,564	469	4,033

The Company

As at 31 December 2023

		Past due		
	Current	**Less than 30 days**	**over 31 days**	**Total**
Expected credit loss rate	*	10.00%	100.00%	1.22%
Gross carrying amount *(RMB'000)*	163,702	6,157	1,474	171,333
Expected credit losses *(RMB'000)*	*	616	1,474	2,090

As at 31 December 2024

		Past due		
	Current	**Less than 30 days**	**Over 31 days**	**Total**
Expected credit loss rate	*	10.00%	100.00%	0.57%
Gross carrying amount *(RMB'000)*	242,770	12,150	247	255,167
Expected credit losses *(RMB'000)*	*	1,215	247	1,462

As at 31 December 2025

		Past due		
	Current	**Less than 30 days**	**over 31 days**	**Total**
Expected credit loss rate	*	10.00%	100.00%	0.33%
Gross carrying amount *(RMB'000)*	424,216	6,581	748	431,545
Expected credit losses *(RMB'000)*	*	658	748	1,406

As at 30 June 2026

		Past due		
	Current	**Less than 30 days**	**over 31 days**	**Total**
Expected credit loss rate	*	10.00%	100.00%	0.10%
Gross carrying amount *(RMB'000)*	516,895	4,604	62	521,561
Expected credit losses *(RMB'000)*	*	460	62	522

* The loss allowance of the amounts within credit term was assessed to be minimal.

19. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for long-term assets	8,188	31,437	106,015	363,108
Prepayments for materials and others	12,884	15,059	23,274	31,646
Deferred A shares listing expenses	2,627	6,127	—	—
Deposits	1,105	4,544	10,092	10,071
Other receivables	3,221	4,034	3,775	4,187
Value-added tax recoverable	79,175	164,225	164,084	216,231
Subtotal	107,200	225,426	307,240	625,243
Impairment	(168)	(253)	(287)	(307)
Net carrying amount	107,032	225,173	306,953	624,936
Analysed into:				
Current portion	96,217	193,736	200,938	261,828
Non-current portion	10,815	31,437	106,015	363,108

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for long-term assets	3,808	1,275	9,072	62,306
Prepayments for materials and others	11,541	12,137	17,485	24,558
Deferred A shares listing expenses	2,627	6,127	—	—
Deposits	178	184	192	377
Other receivables	1,907	2,650	2,457	2,773
Value-added tax recoverable	34,233	88,215	107,152	147,099
Dividends receivable	—	—	—	272,436
Subtotal	54,294	110,588	136,358	509,549
Impairment	(94)	(134)	(125)	(142)
Net carrying amount	54,200	110,454	136,233	509,407
Analysed into:				
Current portion	47,765	109,179	127,161	447,101
Non-current portion	6,435	1,275	9,072	62,306

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for financial asset included in prepayments, deposits and other receivables under IFRS 9. The expected losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

20. 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*
Bills receivable, at fair value	35,163	42,293	94,363	117,563

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivable, at fair value	4,369	17,239	45,572	61,352

The above bills receivable arising from bank acceptance are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling. The fair value approximates to the carrying value due to the short maturity. Bills receivable at fair value through other comprehensive income is subject to impairment under the general approach and the impairment is considered to be minimal.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	585,005	541,087	1,024,752	1,101,652
Less: pledged deposits	—	—	10,000	8,240
Cash and cash equivalents	585,005	541,087	1,014,752	1,093,412
Denominated in RMB	336,050	290,567	565,295	646,932
Denominated in USD	196,649	215,277	439,234	391,683
Denominated in THB	45,771	32,164	7,664	47,561
Denominated in EUR	6,063	2,515	1,881	6,567
Denominated in SGD	472	564	678	669
Cash and cash equivalents	585,005	541,087	1,014,752	1,093,412

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	178,174	139,778	502,644	413,022
Less: pledged deposits	—	—	10,000	8,240
Cash and cash equivalents	178,174	139,778	492,644	404,782
Denominated in RMB	170,510	136,424	438,759	362,253
Denominated in USD	7,664	3,354	53,885	39,048
Denominated in EUR	—	—	—	3,481
Cash and cash equivalents	178,174	139,778	492,644	404,782

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 31 December 2025 and 30 June 2026, cash and bank balances amounting to RMB10,000,000 and RMB8,240,000 was pledged for bills payables, respectively.

As at 31 December 2025 and 30 June 2026, cash and bank balances of approximately RMB219,880,000 and RMB151,817,000, respectively, raised from A Share Listing was subject to a restricted scope of applicability but remained fully accessible at any time.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

22. ACCOUNTS AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills payables	—	—	50,000	41,200
Payables for raw materials and outsourced processing fees	751,815	961,482	1,096,563	1,386,478
Payables for construction costs and equipment	358,515	1,016,491	536,184	1,031,928
Others	42,779	60,051	50,985	61,664
Total	1,153,109	2,038,024	1,733,732	2,521,270

An ageing analysis of the accounts and bills payables as at the end of each of the Relevant Periods was 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	1,061,634	2,026,101	1,613,559	2,500,842
1 to 2 years	90,131	10,612	119,074	19,582
2 to 3 years	900	420	280	44
Over 3 years	444	891	819	802
Total	1,153,109	2,038,024	1,733,732	2,521,270

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due to subsidiaries	28,629	41,470	126,593	130,178
Bills payables	—	—	50,000	41,200
Payables for raw materials and outsourced processing fees	596,749	737,271	753,289	932,019
Payables for construction costs and equipment	298,893	191,240	99,107	260,359
Others	13,207	20,358	18,518	25,140
Total	937,478	990,339	1,047,507	1,388,896

An ageing analysis of the accounts and bills payables as at the end of each of the Relevant Periods(based on the invoice date) was 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	846,591	978,475	1,038,409	1,380,662
1 to 2 years	89,570	10,602	7,999	7,388
2 to 3 years	873	371	280	44
Over 3 years	444	891	819	802
Total	937,478	990,339	1,047,507	1,388,896

Accounts and bills payables are non-interest-bearing and are normally settled on term of 60 to 210 days.

As at the end of each of the Relevant Periods, the carrying amounts of accounts and bills payables approximated to their fair values.

23. 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*
Payroll payables	89,534	108,847	79,037	73,653
Deposits payables	32,946	17,090	21,165	25,854
Other tax payables	6,793	4,846	8,630	6,867
Accruals and other payables	3,558	6,126	5,275	4,262
Dividends payables	—	—	—	69,925
Provision *(note (a))*	—	20,774	11,505	6,523
Subtotal	132,831	157,683	125,612	187,084
Analysed into:				
Current portion	132,831	136,909	114,107	187,084
Non-Current portion	—	20,774	11,505	—

Other payables are unsecured and repayable on demand.

(a) The movements in the provision are as follows:

	Onerous contract
	RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	—
Additional provision made	20,774
At 31 December 2024	20,774
At 1 January 2025	20,774
Additional provision made	11,505
Amounts utilised during the year	(20,774)
At 31 December 2025	11,505
At 1 January 2026	11,505
Additional provision made	6,523
Amounts utilised during the period	(11,505)
At 30 June 2026	6,523

The Company

	As at 31 December			**As at 30 June**
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividends payables	—	—	—	69,925
Due to a subsidiary	263,589	263,424	263,125	262,396
Payroll payables	43,062	54,934	47,140	41,529
Deposits payable	19,403	9,538	12,526	17,664
Other tax payables	3,056	3,372	3,418	3,936
Accruals and other payables	2,107	3,384	4,298	2,686
subtotal	331,217	334,652	330,507	398,136
Analysed into:				
Current portion	331,217	334,652	330,507	398,136

Other payables are unsecured and repayable on demand.

24. CONTRACT LIABILITIES

The Group recognised the following contract liabilities:

The Group

	As at 31 December			**As at 30 June**
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers	26,844	14,242	17,282	16,310

The Company

	As at 31 December			**As at 30 June**
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers	73	379	114	885

The Group might require an advanced payment as part of contractual arrangement for certain customers. A portion of payments is usually received in advance based on billing schedules as established in the contracts. The contract liabilities comprise the advances received from customers, to whom the goods or services have not yet been transferred or provided. The changes in contract liabilities in the Relevant Periods were mainly due to the changes in advances received from customers in relation to the delivery of goods at the end of each Relevant Periods.

25. 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 and subsidies	138,554	141,387	144,627	141,725

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants and subsidies	136,426	139,394	142,781	140,026

26. INTEREST-BEARING BANK BORROWINGS

The Group

31 December 2023	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	3.00–3.65	2024	840,855
Bank loans — secured	1.71–7.15	2024	30,228
Current portion of long-term bank loans — secured	4.06–4.45	2024	55,616
			926,699
Non-current			
Long-term bank loans — secured	3.95–7.51	2025–2029	950,666
			950,666
Total			1,877,365

31 December 2024	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	2.28–3.45	2025	1,387,346
Bank loans — secured	2.88–6.15	2025	338,563
Current portion of long-term bank loans — secured	4.04–4.45	2025	32,306
			1,758,215
Non-current			
Long-term bank loans — secured	3.95–5.69	2026–2029	782,589
			782,589
Total			2,540,804

31 December 2025	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	2.70–3.10	2026	740,265
Bank loans — secured	5.11	2026	70,572
Current portion of long-term bank loans — unsecured	2.95–3.45	2026	61,770
Current portion of long-term bank loans — secured	2.82–5.02	2026	207,851
			1,080,458
Non-current			
Long-term bank loans — unsecured	2.95–3.45	2027–2028	732,775
Long-term bank loans — secured	2.82–5.02	2027–2030	1,611,978
			2,344,753
Total			3,425,211

30 June 2026	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	2.70–3.65	2026–2027	358,501
Bank loans — secured	2.46–5.01	2026–2027	539,542
Current portion of long-term bank loans — unsecured	2.34–3.45	2026–2027	310,986
Current portion of long-term bank loans — secured	2.64–4.95	2026–2027	362,976
			1,572,005
Non-current			
Long-term bank loans — unsecured	2.34–3.45	2027–2029	1,969,690
Long-term bank loans — secured	2.98–4.95	2027–2030	1,356,603
			3,326,293
Total			4,898,298

The carrying amounts of borrowings are denominated in the following currencies:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	1,654,260	2,379,065	3,165,146	4,550,096
USD	223,105	161,739	260,065	337,990
THB	—	—	—	10,212
Total	1,877,365	2,540,804	3,425,211	4,898,298

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group's borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	926,699	1,758,215	1,080,458	1,572,005
In the second year	20,675	168,616	658,472	1,490,634
In the third to fifth years, inclusive	674,141	613,973	1,686,281	1,835,659
Beyond five years	255,850	—	—	—
Total	1,877,365	2,540,804	3,425,211	4,898,298

Certain of the Group's bank borrowings are secured by:

(a) Guarantees provided by Dynamic Holding Co., Ltd and Dynamic Electronics (Taoyuan) Co. Ltd., for certain bank borrowings of the Group in the amounts of RMB359,346,000, RMB506,739,000, RMB1,265,628,000 and RMB1,674,493,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026;

(b) The Group's mortgaged buildings and machinery with net carrying amounts of RMB1,108,755,000, RMB1,007,438,000 and RMB1,214,837,000 and RMB1,123,792,000 as at 31 December 2023 and 2024 and 2025 and 30 June 2026 (note 13), respectively;

(c) The Group's mortgaged land use rights with net carrying amounts of RMB82,448,000, RMB80,576,000 and RMB78,703,000 and RMB77,765,000 as at 31 December 2023 and 2024 and 2025 and 30 June 2026 (note 14), respectively.

(d) The Group had discounted certain bank acceptance bills receivables to certain banks, with an aggregate carrying amount of RMB8,778,000 as at 31 December 2023.

The Company

31 December 2023	**Effective interest rate (%)**	**Maturity**	**RMB'000**
Current			
Bank loans — unsecured	3.00–3.65	2024	560,580
Bank loans — secured	7.15	2024	21,451
Current portion of long-term bank loans — secured	4.06–4.45	2024	55,616
			637,647
Non-current			
Long-term bank loans — secured	3.95–7.51	2025–2029	950,666
			950,666
Total			1,588,313

31 December 2024	**Effective interest rate (%)**	**Maturity**	**RMB'000**
Current			
Bank loans — unsecured	2.28–3.45	2025	1,067,039
Bank loans — secured	2.88–6.15	2025	338,563
Current portion of long-term bank loans — secured	4.45	2025	21,479
			1,427,081
Non-current			
Long-term bank loans — secured	3.95–4.45	2026–2029	623,700
			623,700
Total			2,050,781

31 December 2025	**Effective interest rate (%)**	**Maturity**	**RMB'000**
Current			
Bank loans — unsecured	2.70–3.10	2026	309,889
Current portion of long-term bank loans — unsecured	2.95–3.45	2026	61,770
Current portion of long-term bank loans — secured	3.44–4.45	2026	121,968
			493,627
Non-current			
Long-term bank loans — unsecured	2.95–3.45	2027–2028	732,775
Long-term bank loans — secured	3.44–4.45	2027–2029	750,625
			1,483,400
Total			1,977,027

30 June 2026	**Effective interest rate (%)**	**Maturity**	**RMB'000**
Current			
Bank loans — unsecured	2.78–2.90	2026	49,639
Bank loans — secured	2.50	2026	10,007
Current portion of long-term bank loans — unsecured	2.39–3.45	2026–2027	255,851
Current portion of long-term bank loans — secured	3.44–4.45	2026–2027	159,001
			474,498
Non-current			
Long-term bank loans — unsecured	2.39–3.45	2027–2029	1,805,690
Long-term bank loans — secured	3.44–4.45	2027–2029	656,050
			2,461,740
Total			2,936,238

At 31 December 2023, 2024 and 2025 and 30 June 2026, the Company's borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	637,647	1,427,081	493,627	474,498
In the second year	20,675	115,575	441,813	1,207,872
In the third to fifth years, inclusive	674,141	508,125	1,041,587	1,253,868
Beyond five years	255,850	—	—	—
Total	1,588,313	2,050,781	1,977,027	2,936,238

27. SHARE CAPITAL

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*
Issued and fully paid:				
Ordinary shares of RMB1.00 each	384,529	384,529	437,029	437,029

A summary of movements in the Group and the Company's share capital is as follows:

	Note	Number of shares in issue *'000*	Share capital *RMB'000*
At 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025		384,529	384,529
Issue of shares	(a)	52,500	52,500
At 31 December 2025 and 30 June 2026		437,029	437,029

Note:

(a) In October 2025, pursuant to approval from the China Securities Regulatory Commission ("**CSRC**") under document No. 2025–1803, the Company completed the issuance of 52,500,000 A shares to public investors at a subscription price of RMB17.08 per share. The total gross proceeds was amounted to RMB896,700,000, before deducting share issue expenses (excluding tax) of RMB93,537,000.

28. SHARE-BASED PAYMENTS

Stock ownership schemes

The Company adopted a share incentive scheme in September 2022 and increased its share capital from RMB376,277,619 to RMB384,529,321 to Beyond Expectation Co., Limited ("**必穎有限公司**"), Transcend Reputation Co., Limited ("**超銘有限公司**"), Huangshi Precision Process Enterprise Management Partnership (Limited Partnership) ("**黃石精準製程企業管理合夥企業(有限合夥)**"), Huangshi Juhong Enterprise Management Partnership (Limited Partnership) ("**黃石巨宏企業管理合夥企業(有限合夥)**") and Huangshi Juying Enterprise Management Partnership (Limited Partnership) ("**黃石巨穎企業管理合夥企業(有限合夥)**"), (collectively, the "**Employee Shareholding Platforms**"), all of which were designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms. Under the stock ownership schemes, the eligible participants subscribed for interests in the relevant Employee Shareholding Platforms at a price corresponding to RMB4.24 per underlying share of the Company, and the relevant awards were granted to such participants under the terms and conditions contained in the relevant agreements. After the grant of the awards, the participants became partners of share incentive platforms and are indirectly interested in the incentive shares under the terms and conditions contained in the relevant agreements. As the grant price of RMB4.24 per share for the initial award made upon the establishment of the share incentive platforms was higher than the per share fair value of the Company on the grant date, no share-based payment expense was recognised in respect thereof.

During the year ended 31 December 2023, 2024 and 2025, restricted shares forfeited by participants of the stock ownership schemes of 959,000, 328,000 and 57,000, respectively, were re-granted to incentivise employees of the Group at a price of RMB4.24 per underlying share of the Company. All forfeited shares were re-granted in the same year. Such re-granted restricted shares have a vesting period according to respective agreements started from the re-grant date. The weighted average fair value of restricted shares re-granted of RMB7.60, RM9.24, RMB8.62, respectively during the year ended 31 December 2023, 2024 and 2025, was estimated as at the date of grant using market price model or recent transaction method, taking into account the terms and conditions upon which the restricted shares were granted.

Movements in the number of underlying shares subject to awards under the stock ownership schemes during the Relevant Periods and the six months ended 30 June 2025 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	'000	*'000*	*'000*	*'000* *(unaudited)*	*'000*
At beginning of the year/period	8,252	8,252	8,252	8,252	8,252
Granted	959	328	57	57	—
Forfeited	(959)	(328)	(57)	(57)	—
At end of the year/period	8,252	8,252	8,252	8,252	8,252

Stock option incentive plan

In June 2026, the Company implemented a stock option incentive plan (the "**2026 Stock Option Incentive Plan**"). On 8 June 2026, the Company initially granted 3,343,000 stock options to 419 eligible employees at an exercise price of RMB96.16 per option. Subject to the satisfaction of the Company-level performance targets and individual performance assessment requirements, the options will vest in four equal tranches of 25% each, after 12 months, 24 months, 36 months and 48 months from the grant date, respectively.

Movements in the number of share options for the Relevant Periods were as follows:

	Six months ended 30 June 2026	
	Weighted average exercise price	Number of options
	RMB	*'000*
At beginning of the period	—	—
Granted	96.16	3,343
At end of the period	96.16	3,343

The exercise price and exercise period of the share options outstanding as at 30 June 2026 is as follows:

Number of options	Exercise price	Exercise period
	RMB	
835,750	96.16	2027–2028
835,750	96.16	2028–2029
835,750	96.16	2029–2030
835,750	96.16	2030–2031
3,343,000		

The fair value of equity-settled share options granted during the six months ended 30 June 2026, was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	8 June 2026
Risk-free interest rate (%)	1.18–1.35
Share price at grant date per share (RMB per share)	78.85

No other feature of the options granted was incorporated into the measurement of fair value.

Share-based payment expenses during the Relevant Periods and the six months ended 30 June 2025 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*
Share Ownership Schemes	178	900	1,431	756	688
Stock Option Incentive Plan	—	—	—	—	439
Total	178	900	1,431	756	1,127

29. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Capital reserve

The capital reserve of the Group includes:

(a) The share premium arising from the excess of the net proceeds from issuance of shares of the Company over its par value;

(b) The share option and restricted stock unit award compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 28 to the Historical Financial Information;

Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the Company established in the Chinese mainland, the Company is required to appropriate 10% of its net profits after tax, as determined under the China Accounting Standards for Business Enterprises, to the statutory reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company, the statutory reserve may be used either to offset losses, or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries whose functional currencies are not RMB. The reserve is accounted for in accordance with the accounting policy set out in note 2.3 to the Historical Financial Information.

Special reserve — safety fund

Pursuant to the relevant PRC regulations issued in November 2022, the entities in the Chinese Mainland engaged in related industries is required to set aside an amount to maintenance, production and other similar funds at fixed rates based on relevant bases, such as revenue of the separate legal entity for the prior fiscal year. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

The Company

	Capital reserve	Statutory surplus reserve	Special reserve-safety fund	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	852,962	5,035	—	45,314	903,311
Profit for the year	—	—	—	184,848	184,848
Share-based payments	178	—	—	—	178
Transferred from retained profits	—	18,485	—	(18,485)	—
Safety fund provided	—	—	4,731	(4,731)	—
Safety fund used	—	—	(1,772)	1,772	—
At 31 December 2023	853,140	23,520	2,959	208,718	1,088,337

	Capital reserve	Statutory surplus reserve	Special reserve-safety fund	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
1 January 2024	853,140	23,520	2,959	208,718	1,088,337
Profit for the year	—	—	—	207,975	207,975
Share-based payments	900	—	—	—	900
Transferred from retained profits	—	20,797	—	(20,797)	—
Safety fund provided	—	—	5,316	(5,316)	—
Safety fund used	—	—	(2,133)	2,133	—
At 31 December 2024	854,040	44,317	6,142	392,713	1,297,212

	Capital reserve	Statutory surplus reserve	Special reserve-safety fund	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
1 January 2025	854,040	44,317	6,142	392,713	1,297,212
Profit for the year	—	—	—	195,706	195,706
Issue of shares	844,200	—	—	—	844,200
Share issue expenses	(93,537)	—	—	—	(93,537)
Share-based payments	1,431	—	—	—	1,431
Transferred from retained profits	—	19,571	—	(19,571)	—
Safety fund provided	—	—	5,804	(5,804)	—
Safety fund used	—	—	(1,279)	1,279	—
At 31 December 2025	1,606,134	63,888	10,667	564,323	2,245,012

	Capital reserve	Statutory surplus reserve	Special reserve-safety fund	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
1 January 2026	1,606,134	63,888	10,667	564,323	2,245,012
Profit for the period	—	—	—	266,625	266,625
Dividend *(note 11)*	—	—	—	(69,925)	(69,925)
Share-based payments	1,006	—	—	—	1,006
Safety fund provided	—	—	3,131	(3,131)	—
Safety fund used	—	—	(589)	589	—
At 30 June 2026	1,607,140	63,888	13,209	758,481	2,442,718

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB249,000, nil, nil, nil and RMB11,760,000, respectively, in respect of lease arrangements for machinery and motor vehicles.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group had non-cash reductions of trade payables settled by endorsement of bills receivable of RMB6,878,000, RMB2,979,000, nil, nil and nil, respectively.

During the year ended 31 December 2024, the non-cash settlement of other borrowings amounted to RMB16,600,000, representing the settlement of other borrowings arising from bills receivable discounted during the year and derecognised upon maturity during the year.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Dividends payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,525,100	823	—	1,525,923
Changes from financing cash flows	258,209	(575)	—	257,634
New leases	—	249	—	249
Interest expense *(note 7)*	92,162	28	—	92,190
Exchange realignment	1,894	—	—	1,894
At 31 December 2023	1,877,365	525	—	1,877,890
At 1 January 2024	1,877,365	525	—	1,877,890
Changes from financing cash flows	583,464	(364)	—	583,100
Non-cash settlement of other borrowings	(16,600)	—	—	(16,600)
Interest expense *(note 7)*	103,107	10	—	103,117
Exchange realignment	(6,532)	—	—	(6,532)
At 31 December 2024	2,540,804	171	—	2,540,975
At 1 January 2025	2,540,804	171	—	2,540,975
Changes from financing cash flows	756,821	(54)	—	756,767
Interest expense *(note 7)*	124,394	5	—	124,399
Exchange realignment	3,192	—	—	3,192
At 31 December 2025	3,425,211	122	—	3,425,333

	Interest-bearing bank borrowings	Lease liabilities	Dividends payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	2,540,804	171	—	2,540,975
Changes from financing cash flows (unaudited)	739,399	(27)	—	739,372
Interest expense *(note 7)* (unaudited)	57,765	3	—	57,768
Exchange realignment (unaudited)	(48,322)	—	—	(48,322)
At 30 June 2025 (unaudited)	3,289,646	147	—	3,289,793
At 1 January 2026	3,425,211	122	—	3,425,333
Changes from financing cash flows	1,396,540	(387)	—	1,396,153
New leases	—	11,760	—	11,760
Interest expense *(note 7)*	78,107	65	—	78,172
Exchange realignment	(1,560)	(507)	—	(2,067)
Dividend declared	—	—	69,925	69,925
At 30 June 2026	4,898,298	11,053	69,925	4,979,276

(c) Total cash outflow for leases

	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*
Within operating activities	4,902	16,628	13,874	8,839	4,199
Within investing activities	16,988	—	—	—	—
Within financing activities	575	364	54	27	387
Total	22,465	16,992	13,928	8,866	4,586

31. PLEDGE OF ASSETS

Details of the Group's pledged assets at the end of each of the Relevant Periods are included in notes 13, 14 and 21 the Historical Financial Information.

32. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchase of items of property, plant and equipment	427,113	648,767	574,571	1,724,297

33. RELATED PARTY TRANSACTIONS

(a) Names and relationships

During the Relevant Periods, the Group has related party transactions with the following entities:

Name of related parties	Relationship with the Group
Dynamic Holding Co., Ltd.* (定穎投資控股股份有限公司)	One of the Company's controlling shareholders
DSG Electronic Co. Pte Ltd.	An entity where Mr. Tan Teng Liang who is the spouse of Ms. Lin Wanhui, a former Director of Dynamic Holding Co., Ltd., serves as a director**
Dynamic Electronic Co.(S) Pte Ltd.	An entity where Mr. Tan Teng Liang who is the spouse of Ms. Lin Wanhui, a former Director of Dynamic Holding Co., Ltd., serves as a director**

* The English names of above companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

** Ms. Lin Wanhui resigned as a director of Dynamic Holding Co., Ltd. in February 2023. The following information in respect of related party transactions within the DSG Electronic Co. Pte Ltd. and Dynamic Electronic Co.(S) Pte Ltd. are summarised up to February 2024.

(b) The Group had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2025:

	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 goods and services *(note i)*					
DSG Electronic Co. Pte Ltd. and Dynamic Electronic Co.(S) Pte Ltd. (DSG group)	7,326	1,119	—	—	—
Sales of goods and services *(note ii)*					
DSG Electronic Co. Pte Ltd. and Dynamic Electronic Co.(S) Pte Ltd. (DSG group)	20,693	2,682	—	—	—

(i) The purchases from the related parties were made at prices and on conditions similar to those offered by the related parties to their major customers. The credit terms granted by the related parties were generally comparable to those provided to their major customers.

(ii) The sales to the related parties were made according to the prices and conditions similar to those offered by the Group to major customers. The credit term offered to the related parties was generally comparable to those offered by the Group to major customers.

(iii) As at 31 December 2023, 2024, and 2025 and 30 June 2026, the outstanding borrowings amounting to RMB359,346,000, RMB506,739,000, and RMB1,265,628,000, and RMB1,674,493, 000 were guaranteed by related parties, the approved credit limit were RMB754,105,000, RMB960,840,000, and RMB1,809,274,000, and RMB1,704,269,000. In addition, the unused banking facilities of RMB364,759,000, RMB454,101,000, RMB541,246,000 and RMB29,776,000 as at 31 December 2023, 2024, and 2025 and 30 June 2026 were also guaranteed by related parties.

(c) Outstanding balances with related parties:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts and bills payables:				
DSG Electronic Co. Pte Ltd. and Dynamic Electronic Co.(S) Pte Ltd. (DSG group)	2,182	—	—	—
Trade and bills receivables:				
DSG Electronic Co. Pte Ltd. and Dynamic Electronic Co.(S) Pte Ltd. (DSG group)	4,163	—	—	—

As at 31 December 2023, all outstanding balances with related parties were of a trade nature.

(d) Compensation of key management personnel of 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*
Short term employee benefits	11,026	11,098	8,052	5,102	1,840
Share-based payment expenses	157	818	1,338	456	600
Total	11,183	11,916	9,390	5,558	2,440

Further details of directors' and supervisors' emoluments are included in note 8 to the Historical Financial Information.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	—	—	585,005	585,005
Trade and bills receivables	—	—	998,578	998,578
Financial assets included in prepayments, deposits and other assets	—	—	4,158	4,158
Derivative financial instruments	345	—	—	345
Debt investments at fair value through other comprehensive income	—	35,163	—	35,163
Total	345	35,163	1,587,741	1,623,249

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Accounts and bills payables	1,153,109	1,153,109
Interest-bearing bank borrowings	1,877,365	1,877,365
Financial liabilities included in other payables and accruals	36,504	36,504
Total	3,066,978	3,066,978

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	—	541,087	541,087
Trade and bills receivables	—	1,116,171	1,116,171
Financial assets included in prepayments, deposits and other assets	—	8,325	8,325
Debt investments at fair value through other comprehensive income	42,293	—	42,293
Total	42,293	1,665,583	1,707,876

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Accounts and bills payables	2,038,024	2,038,024
Interest-bearing bank borrowings	2,540,804	2,540,804
Financial liabilities included in other payables and accruals	23,216	23,216
Total	4,602,044	4,602,044

As at 31 December 2025

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	—	1,014,752	1,014,752
Pledged deposits	—	10,000	10,000
Trade and bills receivables	—	1,374,403	1,374,403
Financial assets included in prepayments, deposits and other receivables	—	13,580	13,580
Debt investments at fair value through other comprehensive income	94,363	—	94,363
Total	94,363	2,412,735	2,507,098

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Accounts and bills payables	1,733,732	1,733,732
Interest-bearing bank borrowings	3,425,211	3,425,211
Financial liabilities included in other payables and accruals	26,440	26,440
Total	5,185,383	5,185,383

As at 30 June 2026

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	—	1,093,412	1,093,412
Pledged deposits	—	8,240	8,240
Trade and bills receivables	—	1,677,411	1,677,411
Financial assets included in prepayments, deposits and other assets	—	13,951	13,951
Debt investments at fair value through other comprehensive income	117,563	—	117,563
Total	117,563	2,793,014	2,910,577

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Accounts and bills payables	—	2,521,270	2,521,270
Derivative financial instruments	178	—	178
Interest-bearing bank borrowings	—	4,898,298	4,898,298
Financial liabilities included in other payables and accruals	—	100,041	100,041
Total	178	7,519,609	7,519,787

Transfers of financial assets

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024 and 2025 and 30 June 2026, the Group endorsed certain bank acceptance bills receivable issued by banks in Chinese mainland to certain of its suppliers in order to settle the trade payables due to such suppliers. Additionally, the Group discounted certain bank acceptance bills receivables issued by banks in Chinese mainland. These endorsed and discounted bank acceptance bills are collectively referred as "Derecognised Bills". The aggregate carrying amounts of the Derecognised Bills which had not yet matured as at 31 December 2023, 2024 and 2025 and 30 June 2025 and 2026 were RMB32,570,000, RMB29,252,000, nil, RMB1,350,000 and nil, respectively. The maturity of Derecognised Bills ranged from one to six months at the end of each of the Relevant Periods.

In accordance with the Law of Negotiable Instruments of the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**").In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards associated with the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the related trade payables. The Group's maximum exposure to loss arising from its Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are insignificant.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group has recognised a loss on the date of transfer of the Derecognised Bills of approximately RMB807,000, RMB306,000, RMB126,000, RMB126,000 and nil, respectively. No gains or losses were recognised from the Continuing Involvement during the Relevant Periods and the six months ended 30 June 2025.

Transferred financial assets that are not derecognised in their entirety

The following disclosures relate to endorsed or discounted bank acceptance bills that remained outstanding and had not matured as at the respective reporting dates and did not meet the derecognition criteria.

(a) As at 31 December 2024, the Group had endorsed certain bank acceptance bills receivable issued by banks in Chinese mainland (the "**Endorsed Bills**") with a carrying amount of RMB72,000 to certain of its suppliers as settlement of trade payables (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and recognised an associated liability included in other payables and accruals. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The carrying amounts of the Endorsed Bills and the associated liability were both RMB72,000 as at 31 December 2024.

(b) At 31 December 2023, the Group discounted certain bank acceptance bills receivables issued by banks in the Chinese mainland (the "**Discounted Bills**") to certain banks (the "**Discounting**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognize the full carrying amounts of the Discounted bills. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other assets, interest-bearing bank borrowings (current portion), accounts and bills payables, and financial liabilities included in other payables and accruals (current portion) approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance team headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the finance director. At each reporting date, the finance team 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 finance director.

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:

(a) The fair values of the non-current portion of interest-bearing bank borrowings and other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings and other payables and accruals as at the end of each of the Relevant Periods were assessed to be insignificant.

(b) The Group enters into derivative financial instruments with various counterparties, principally financial institutions. Derivative financial instruments, primarily including forward currency contracts, are measured using valuation techniques similar to forward pricing using present value calculations (Level 2). The models incorporate various market observable inputs including the foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	345	—	345
Debt investments at fair value through other comprehensive income	—	35,163	—	35,163
Total	—	35,508	—	35,508

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt investments at fair value through other comprehensive income	—	42,293	—	42,293

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt investments at fair value through other comprehensive income	—	94,363	—	94,363

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt investments at fair value through other comprehensive income	—	117,563	—	117,563

Liabilities measured at fair value

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	178	—	178

The Group did not have any financial liabilities measured at fair value as at 31 December 2023, 2024 and 2025.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, debt investments at fair value through other comprehensive income, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and accounts and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's interest-bearing bank borrowings. The Group's policy is to manage its interest costs using a mix of fixed and floating rate debts with respect to the prevailing interest rate environment. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by the Company and the Group's subsidiaries in currencies other than their respective functional currencies. The Group is also exposed to foreign currency translation risk arising from the translation of the financial statements of overseas subsidiaries whose functional currencies are currencies other than RMB.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit before tax and equity (excluding retained profits).

	Increase/ (decrease) in foreign currency rate	(Decrease)/ increase in profit before tax	Increase/ (decrease) in equity*
	%	*RMB'000*	*RMB'000*
31 December 2023			
If the RMB weakens against the USD	5	56,261	3,459
If the RMB strengthens against the USD	(5)	(56,261)	(3,459)
If the THB weakens against the RMB	5	18	(14,649)
If the THB strengthens against the RMB	(5)	(18)	14,649
If the THB weakens against the USD	5	4,049	—
If the THB strengthens against the USD	(5)	(4,049)	—
31 December 2024			
If the RMB weakens against the USD	5	41,455	10,075
If the RMB strengthens against the USD	(5)	(41,455)	(10,075)
If the THB weakens against the RMB	5	(11,056)	(44,229)
If the THB strengthens against the RMB	(5)	11,056	44,229
If the THB weakens against the USD	5	(6,773)	—
If the THB strengthens against the USD	(5)	6,773	—

* Excluding retained profits

	Increase/ (decrease) in foreign currency rate	(Decrease)/ increase in profit before tax	Increase/ (decrease) in equity*
	%	*RMB'000*	*RMB'000*
31 December 2025			
If the RMB weakens against the USD	5	52,358	16,710
If the RMB strengthens against the USD	(5)	(52,358)	(16,710)
If the THB weakens against the RMB	5	(3,615)	(61,281)
If the THB strengthens against the RMB	(5)	3,615	61,281
If the THB weakens against the USD	5	(19,197)	—
If the THB strengthens against the USD	(5)	19,197	—
30 June 2026			
If the RMB weakens against the USD	5	56,557	10,742
If the RMB strengthens against the USD	(5)	(56,557)	(10,742)
If the THB weakens against the RMB	5	(59,226)	(77,864)
If the THB strengthens against the RMB	(5)	59,226	77,864
If the THB weakens against the USD	5	(23,929)	—
If the THB strengthens against the USD	(5)	23,929	—

Credit risk

An impairment analysis was performed at end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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 Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	12,382	—	—	994,036	1,006,418
Cash and cash equivalents					
— Not yet past due	585,005	—	—	—	585,005
Financial asset included in prepayments, deposits and other assets					
— Normal**	4,326	—	—	—	4,326
Debt investments at fair value through other comprehensive income	35,163	—	—	—	35,163
Total	636,876	—	—	994,036	1,630,912

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	18,796	—	—	1,101,800	1,120,596
Cash and cash equivalents					
— Not yet past due	541,087	—	—	—	541,087
Financial asset included in prepayments, deposits and other assets					
— Normal**	8,578	—	—	—	8,578
Debt investments at fair value through other comprehensive income	42,293	—	—	—	42,293
Total	610,754	—	—	1,101,800	1,712,554

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	12,747	—	—	1,367,472	1,380,219
Cash and cash equivalents					
— Not yet past due	1,014,752	—	—	—	1,014,752
Restricted cash					
— Not yet past due	10,000	—	—	—	10,000
Financial asset included in prepayments, deposits and other assets					
— Normal**	13,867	—	—	—	13,867
Debt investments at fair value through other comprehensive income	94,363	—	—	—	94,363
Total	1,145,729	—	—	1,367,472	2,513,201

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 bills receivables*	11,687	—	—	1,669,757	1,681,444
Cash and cash equivalents					
— Not yet past due	1,093,412	—	—	—	1,093,412
Restricted cash					
— Not yet past due	8,240	—	—	—	8,240
Financial asset included in prepayments, deposits and other assets					
— Normal**	14,258	—	—	—	14,258
Debt investments at fair value through other comprehensive income	117,563	—	—	—	117,563
Total	1,245,160	—	—	1,669,757	2,914,917

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity profile of the Group's financial liabilities and lease liabilities as at end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts and bills payables	1,153,109	—	—	1,153,109
Interest-bearing bank borrowings	956,787	497,662	547,832	2,002,281
Financial liabilities included in other payables and accruals	36,504	—	—	36,504
Lease liabilities	364	108	72	544
Total	2,146,764	497,770	547,904	3,192,438

As at 31 December 2024

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts and bills payables	2,038,024	—	—	2,038,024
Interest-bearing bank borrowings	1,814,639	447,312	407,274	2,669,225
Financial liabilities included in other payables and accruals	23,216	—	—	23,216
Lease liabilities	54	108	18	180
Total	3,875,933	447,420	407,292	4,730,645

As at 31 December 2025

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts and bills payables	1,733,732	—	—	1,733,732
Interest-bearing bank borrowings	1,213,325	1,707,250	776,511	3,697,086
Financial liabilities included in other payables and accruals	26,440	—	—	26,440
Lease liabilities	54	72	—	126
Total	2,973,551	1,707,322	776,511	5,457,384

As at 30 June 2026

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts and bills payables	2,521,270	—	—	2,521,270
Interest-bearing bank borrowings	1,685,864	2,895,146	577,480	5,158,490
Financial liabilities included in other payables and accruals	100,041	—	—	100,041
Lease liabilities	1,261	2,469	8,582	12,312
Derivative financial instruments	178	—	—	178
Total	4,308,614	2,897,615	586,062	7,792,291

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using the debt to asset ratio, which is total liabilities divided by total assets. The debt to asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	3,373,086	4,950,221	5,538,597	7,827,922
Total assets	4,906,382	6,796,784	8,441,121	10,353,155
Debt-to-asset ratio	69%	73%	66%	76%

37. EVENTS AFTER THE RELEVANT PERIODS

No significant events or transactions subsequent to 30 June 2026 that require adjustment to or disclosure in the financial statements.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the subsidiaries of the Group in respect of any period subsequent to 30 June 2026.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions based on current laws and practices is subject to change and does not constitute legal or tax advice. The discussion has no intention to cover all possible tax consequences resulting from the [REDACTED] in H Shares, nor does it take into account the specific circumstances of any particular [REDACTED], some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an [REDACTED] in 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 and may have retrospective effect.

No issues on PRC or Hong Kong taxation other than income tax, capital gain and profit tax, value-added tax, stamp duty and estate duty was referred in the discussion. Prospective [REDACTED] are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

THE PRC TAXATION

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018 and came into effect on January 1, 2019 and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was last amended on December 18, 2018 and came into effect on January 1, 2019 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied 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 individual income tax of 20% unless a reduction is approved by the MOF or exempted by an international convention or agreement to which the PRC government is a party. On September 1, 2026, the MOF and the STA issued the Announcement on Matters Relating to the Individual Income Tax Policy on Dividend and Bonus Income of Foreign Individuals (Announcement [2026] No. 27 of the MOF and the STA) (《財政部稅務總局關於外籍個人股息紅利個人所得稅政策有關事項的公告》) (財政部稅務總局公告2026年第27號), which took effect on the same date. Pursuant to this announcement, dividend and bonus income gained by foreign individuals from foreign-invested enterprises is expressly subject to individual income tax under the category of "interest, dividend and bonus income" at a rate of 20%. Foreign-invested enterprises are required to withhold such individual income tax when paying dividend or bonus to foreign individuals.

Enterprise Investors

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), promulgated by the NPC on March 16, 2007, most recently amended on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, most recently amended on December 6, 2024 and became effective on January 20, 2025 (hereinafter collectively referred to as the "**EIT Law**"), are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income are obtained outside the PRC but have an actual connection with the set-up institutions or sites. Non-resident enterprises that have not set up institutions or sites in the PRC, or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Pursuant to the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Mainland China Resident Enterprises on Dividends Paid to Overseas Non-mainland China Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), issued by the STA on November 6, 2008, a PRC-resident enterprise should withhold enterprise income tax at a rate of 10% when it distributes dividends to non-resident enterprise shareholders of H Shares. Non-resident enterprise investors in H-shares can file an application with the PRC tax authorities to apply any tax treatments in accordance with applicable tax agreements (or arrangements). Such investors will be required to provide materials proving that they are the beneficial owners that meet the requirements of any such tax treatments.

Pursuant to the Arrangement on the Avoidance of Double Taxation and Prevention of Fiscal Evasion and Fifth Protocol, 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 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 amount of dividends payable by the PRC company. However, such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on 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 "**Arrangement on the Avoidance of Double Taxation and Prevention of Fiscal Evasion**"), which was signed on August 21, 2006, the PRC government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company.

The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion issued by the STA (《國家稅務總局關於〈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〉第五議定書》) (the "**Fifth Protocol**"), which came into effect on December 6, 2019, states that such provisions shall not apply to arrangement made for the primary purpose of gaining such tax benefit.

In addition, the application of the dividend clause of tax agreements is subject to the requirements of PRC tax laws and regulations, such as the Notice of the STA on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81), which came into effect on February 20, 2009. While determining the taxation applicable to dividends under certain tax agreements, investors shall comply with such provisions.

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax agreements or arrangements are required to apply to the PRC tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the tax authorities.

Taxation on Gains from Share Transfer

Individual Investors

According to the Notice Concerning Continuing Temporary Exemption From Individual Income Tax on The Income From Stocks Transfer (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)) promulgated by the MOF and the STA and became effective on March 30, 1998, since January 1, 1997, the individual income tax levied on the individual income from transfer of stocks of listed companies will continue to be temporarily exempted. In the newly revised Individual Income Tax Law of the PRC, the STA did not clearly stipulate whether to continue to exempt individuals from tax on the income from transfer of stocks of listed companies. Furthermore, the Notice of the STA on Issues Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》(財稅[2009]167號)) jointly issued by the MOF, the STA and the CSRC and implemented on January 1, 2010 stipulates that 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, except for the relevant restricted shares as defined in the Supplementary Notice Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》(財稅[2010]70號)) jointly issued by these departments and implemented on November 10, 2010. As of the Latest Practicable Date, the aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprise listed on overseas stock exchanges (such as the Hong Kong Stock Exchange) by non-PRC resident individuals.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to all kinds of documents having legally binding force in the PRC and protected under the PRC laws. Therefore, PRC stamp duty shall not apply to the acquisition and disposal of H Shares by non-PRC [REDACTED] outside of the PRC.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law and the Implementing Rules, resident enterprises are subject to a standard enterprise income tax rate of 25% on their global income. Key advanced and new technology enterprises supported by the State are eligible for a preferential enterprise income tax rate of 15%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology on January 29, 2016 and became effective on January 1, 2016, an enterprise which is recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the EIT Law, its implementation regulation and relevant PRC law.

According to the Announcement on Further Supporting the Development of Small and Micro Enterprises and Self-Employed Individuals Concerning Tax and Fee Policies (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》), which was promulgated by the MOF and the STA on August 2, 2023 and became effective on January 1, 2023, the policy of reducing the taxable income of small and microenterprises by 25% and paying enterprise income tax at a rate of 20% shall be extended until December 31, 2027.

In December 2020, the MOF, the STA, the NDRC and the MIIT jointly issued the Announcement on Enterprise Income Tax Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》). According to the aforementioned announcement, key integrated circuit design enterprises and software enterprises encouraged by the state shall be exempt from enterprise income tax from the first to the fifth year starting from the year in which they begin to make profits, and shall pay enterprise income tax at a reduced rate of 10% in the subsequent years.

Value-added Tax ("VAT")

On December 25, 2024, the Standing Committee of the National People's Congress of the PRC issued the Value-added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》), or the VAT Law, and became effective on January 1, 2026. On December 19, 2025, the State Council issued the Implementation Regulation of the VAT Law (《中華人民共和國增值稅法實施條例》) and became effective on January 1, 2026. According to the VAT Law, any entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are value-added tax payers and shall pay value-added tax in accordance with the VAT Law. The value-added tax rate for general taxpayers engaging in sale of goods, services, lease of tangible and movable goods or importation of goods was adjusted to 13%, the value-added tax rate for general taxpayers engaging in, among others, the sale of transportation services, postal services, basic telecommunications services, construction services, the lease and sale of real properties, and the transfer of land use rights was adjusted to 9%.

FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service- related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, domestic companies shall complete foreign exchange registration for their overseas listing with the foreign exchange authority at their place of registration within 15 working days after the completion of the overseas listing and issuance. Funds raised may be repatriated to China or retained overseas, provided their use aligns with disclosures in the document or other offering documents.

According to the Notice on Relevant Issue Concerning the Administration of Funds Raised by Domestic Enterprises Listed Overseas (《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 SAFE on December 24, 2025, and became effective on April 1, 2026, a domestic enterprise that conducts an overseas listing shall, within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment option, apply to a bank within the province or the separately-listed municipality where it is registered for overseas listing registration. The Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing will then expire on April 1, 2026, accordingly.

The Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**") promulgated by SAFE on February 13, 2015 and amended on December 30, 2019, cancels the administrative approval requirements for foreign exchange registration of domestic direct investment and overseas direct investment, and simplifies foreign exchange-related registration procedures. Pursuant to SAFE Circular 13, investors shall complete registration with qualified banks for both domestic direct investment and overseas direct investment.

The Circular on the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the "**SAFE Circular 8**"), issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

Pursuant to the Circular on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**SAFE Circular 7**"), promulgated by SAFE in February 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions.

On September 12, 2025, the SAFE issued the Circular of the State Administration for Foreign Exchange on Deepening of Reform in the Administration of Foreign Exchange for Cross-border Investment and Financing (《關於深化跨境投融資外匯管理改革有關事宜的通知》) (the "**SAFE Circular 43**"), cancels the registration requirements for domestic reinvestment by foreign-invested enterprises stipulated by the Circular on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**"). Additionally, it further narrows the negative list governing the use of capital account income originally stipulated under the SAFE Circular 28. Pursuant to the SAFE Circular 43, the restriction about funds "shall not be used to purchase residential properties for non-self-use purposes (except for enterprises engaged in real estate development or leasing operations)" has been removed from the negative list. The remaining three categories of restrictions on the use of capital account income continue to apply: (i) funds shall not be directly or indirectly used for expenditures prohibited by laws and regulations; (ii) unless otherwise specified, funds shall not be directly or indirectly used for securities investment or other investment and wealth management (except for wealth management products and structured deposits with risk rating results of not higher than Grade II); and (iii) funds shall not be used for granting loans to non-affiliated enterprises (except in the four Pilot Free Trade Zones of Shanghai, Guangzhou, Hainan, and Ningbo).

PRC LAWS AND REGULATIONS

This Appendix sets out summaries of certain aspects of PRC laws and regulations relevant to the Company's operations and business. Laws and regulations relating to taxation and foreign exchange in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. The principal objective of this summary is to provide potential [REDACTED] with an overview of the principal PRC legal and regulatory provisions applicable to the Company. This summary is not intended to include all the information which may be important to potential [REDACTED]. For discussion of laws and regulations that are specifically govern our business, see "Regulatory Overview" in this document.

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**PRC Constitution**"), which was promulgated on December 4, 1982 and most recently amended and became effective on March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**PRC Legislation Law**"), which was adopted on March 15, 2000, amended on March 13, 2023 and became effective on March 15, 2023, the National People's Congress and its Standing Committee are empowered to exercise the legislative power of the State. The National People's Congress has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The Standing Committee of the National People's Congress is empowered to formulate and amend laws other than those required to be enacted by the National People's Congress and to supplement and amend parts of the laws enacted by the National People's Congress during the adjournment of the National People's Congress, provided that 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 PRC Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may, in light of the specific local conditions and actual needs of such cities, formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations with respect to urban and rural development and management, ecological civilization development, historical and cultural protection and grassroots governance, provided that such regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. Local regulations formulated by the cities divided into districts shall be submitted to the standing committees of the people's congresses of the relevant provinces or autonomous regions for approval prior to implementation.

The ministries and commissions of the State Council, People's Bank of China, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorization of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities with districts may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules enacted by the people's governments of the provinces or autonomous regions rank higher than the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The National People's Congress has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but contravene the PRC Constitution or the PRC Legislation Law. The Standing Committee of the National People's Congress has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of 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.

Pursuant to the PRC Constitution, the power to interpret laws is vested in the Standing Committee of the National People's Congress. Pursuant to the Resolution of the Standing Committee of the National People's Congress 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 on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted or provided by the Standing Committee of the National People's Congress or provided by with decrees, issues related to the specific application of laws and decrees in a court trial should be interpreted by the Supreme People's Court, issues related to the specific application of laws and decrees in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the specific application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. If there are differences in principle in the interpretation of the Supreme People's court and the Supreme People's Procuratorate, they shall be submitted to the Standing Committee of National People's Congress for interpretation or decision. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

The PRC Judicial System

Pursuant to the PRC Constitution, the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》), both most recently amended on October 26, 2018 and came into effect on January 1, 2019, the people's courts of the PRC are classified into the Supreme People's Court, the local people's courts at various local levels, and other special people's courts. The local people's courts at various local levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal and economic tribunals. The intermediate people's courts have structure similar to those of the primary people's courts and other special tribunals, such as the intellectual property courts, military courts and maritime courts. These two levels of people's courts are subject to supervision by people's courts at higher levels. The

Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels. The Chinese People's Procuratorates are divided into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as the Military Procuratorate. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of the local people's procuratorates and specialized people's procuratorates at all levels, and the people's procuratorates at higher levels direct the work of the people's procuratorates at lower levels. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at a lower level which have been legally effective.

Under the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**PRC Civil Procedure Law**"), which is adopted on April 9, 1991, most recently amended on September 1, 2023 and became effective on January 1, 2024, the people's courts employ a two-tier appellate system. The judgments or rulings of the second instance at a people's court 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 court 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 court 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 are final. Judgments or rulings of the first instance of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The PRC Civil Procedure Law prescribes the conditions 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 ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

Foreign individuals, stateless persons, foreign enterprises or foreign organizations shall enjoy the same litigation rights and obligations as Chinese citizens, legal persons or other organizations when filing or responding to lawsuits in Chinese courts. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment.

A party seeking to enforce a legally effective judgment or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. Alternatively, the people's court may, pursuant to an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognize and enforce the judgment or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgment or ruling may also be recognized and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The PRC Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association

A joint stock limited company incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) (the "**PRC Company Law**") which was promulgated by the Standing Committee of National People's Congress on December 29, 1993, and was most recently amended and came into effect on July 1, 2024.
- The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five relevant guidelines which were issued by the China Securities Regulatory Commission (the "**CSRC**") on February 17, 2023 and came into effect on March 31, 2023 pursuant to the Securities Law of the PRC (《中華人民共和國證券法》) (the "**PRC Securities Law**") which were promulgated by the Standing Committee of the National People's Congress on December 29, 1998, most recently amended on December 28, 2019 and came into effect on March 1, 2020, which are applicable to the direct and indirect overseas securities offering or listing of domestic companies; and
- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidance for Articles of Association**") which was most recently amended by the CSRC and came into effect on March 28, 2025. The Articles of Association is formulated based on the Guidance for Articles of Association and other relevant provisions of the CSRC on corporate governance to regulate corporate governance on a reference basis, the summary of which is set out in the section entitled "Appendix V — Summary of Articles of Association" to this document.

Set out below is a summary of the major provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association which are applicable to the Company.

General

A joint stock limited company (hereinafter referred to as the "**company**") refers to a corporate legal person established in China under the PRC Company Law, all of whose shares are either par shares or no-par shares in accordance with the provisions of its articles of association; in the case of par shares, the amount of each share is equal. The liability of the company for its own debts is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with relevant laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, a company may not be a capital contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A company may be incorporated by promotion or floatation. A company shall be incorporated by a minimum of one but no more than two hundred promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. For companies incorporated by floatation, the registered capital is the total paid-up capital as registered with the relevant registration authorities. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the articles of association.

Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within thirty days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company.

Share Capital

Shareholders may make capital contributions in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the PRC Company Law to the percentage of shares held by an individual shareholder in a company. A company shall issue registered shares.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class 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. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers and lists securities overseas, it may raise funds and make dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a company shall maintain a register of shareholders which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the class and number of shares held by each shareholder;

(iii) the serial numbers of shares if the shares are issued in paper form; and

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions be passed at a shareholders' meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at shareholders' meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares and if any no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

To offer shares overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the shareholders' meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers within thirty days or the National Enterprise Credit Information Publicity System after the resolution approving the reduction has been passed;

(iv) the creditors may within thirty days after receiving the notice, or within forty-five days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and

(v) where 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 it is otherwise prescribed by any law, or is agreed upon by all the shareholders of a limited liability company or is otherwise prescribed by the articles of association of a joint stock limited company.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilizing the shares for employee stock ownership plan or stock ownership incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' meeting against a resolution regarding a merger or separation;

(v) utilizing the shares for conversion of corporate bonds which are convertible into shares issued by a company; and

(vi) where it is necessary for a listed company to maintain its corporate value and protect its stockholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the shareholders' meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of associations or upon authorization by the shareholders' meeting.

The shares acquired by the company under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv); and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any law, administrative regulations or by the CSRC on the registration of changes in the share register of listed companies.

Pursuant to the PRC Company Law, shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office determined upon taking office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law and the Guidance for Articles of Association, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' meeting or a meeting of the board of directors that has not been convened in compliance with the laws, regulations or the articles of association or whose voting has been conducted in an invalid manner, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend shareholders' meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' meetings, board resolutions, resolutions of the supervisory committee and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Pursuant to the Overseas Listing Trial Measures, a domestic company offering and listing overseas shall file with the CSRC as per requirement of such Measures, submit relevant materials that contain a filing report and legal opinions, and provide truthful, accurate and complete information on the shareholders, etc.

Shareholders' Meetings

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' meeting may exercise its powers:

(i) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the supervisory committee or supervisors;

(iv) to review and approve the company's profit distribution proposals and loss recovery proposals;

(v) to decide on any increase or reduction of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(viii) to amend the company's articles of association; and

(ix) to exercise any other authority stipulated in the articles of association.

Pursuant to the PRC Company Law and the Guidance for Articles of Association, a shareholders' meeting is required to be held once every year within six months after the end of the previous accounting year. An extraordinary shareholders' meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total paid in share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary shareholders' meeting is convened;

(iv) the board of directors deems necessary;

(v) the supervisory committee so proposes; or

(vi) any other circumstances as provided for in the articles of association.

A shareholders' meeting 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 is 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 is not performing his duties, a director nominated by more than half of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the shareholders' meeting, the supervisory committee shall convene and preside over such meeting in a timely manner. If the supervisory committee fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting.

Pursuant to the PRC Company Law, a notice of the shareholders' meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary shareholders' meeting shall be given to all shareholders fifteen days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Pursuant to the PRC Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the shareholders' meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the shareholders' meeting, the board of directors shall convene a shareholders' meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the shareholders' meeting on his/her behalf. The proxy shall present the shareholders' power of attorney to the company specifying the agent's powers, the agenda items covered, and the duration of the authorization, and exercise voting rights within the scope of authorization.

Minutes shall be prepared in respect of matters considered at the shareholders' meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

Pursuant to the Company Law, a company shall have a board of directors composed of not less than three members. Members of the board of directors may include staff representatives, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations 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 or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to convene shareholders' meetings and report on its work to the shareholders' meetings;

(ii) to implement the resolutions passed by the shareholders at the shareholders' meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;

(ix) to formulate the company's basic management system; and

(x) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory committee. The chairman shall convene the meeting within ten days of receiving such proposal and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. The board of directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

If a resolution of the board of directors violates any laws, administrative regulations or the articles of association or resolutions of the shareholders' meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are 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 shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company:

(i) a person without capacity or restricted capacity to undertake any civil liabilities;

(ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes, in each case where no more than five years have elapsed since the date of completion of the sentence, or in the case of a suspended sentence, two years have not elapsed since the probation period was completed;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation of business license or shutdown order; or

(v) a person identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released from his/her duties by the company.

Pursuant to the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Supervisory Committee or Audit Committee

Pursuant to the PRC Company Law, a company shall have a supervisory committee composed of not less than three members. The supervisory committee shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory committee shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The supervisory committee shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory committee shall be elected by more than half of the supervisors. Directors and senior management shall not act concurrently as supervisors.

The chairman of the supervisory committee shall convene and preside over supervisory committee meetings. Where the chairman of the supervisory committee is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory committee shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory committee is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over meetings of the supervisory committee.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory committee may exercise its powers:

(i) to examine the company's financial operations;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or shareholders' resolutions;

(iii) when the acts of directors or senior management are detrimental to the company's interests, to require the director and senior management to correct these acts;

(iv) to propose the convening of extraordinary shareholders' meetings and to convene and preside over shareholders' meetings when the board fails to perform the duty of convening and presiding over shareholders' meetings under the PRC Company Law;

(v) to submit proposals to the shareholders' meetings;

(vi) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory committee may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

A company may, in accordance with its articles of association, set up an audit committee consisting of directors on its board to exercise the powers and functions of the supervisory committee under the provisions of the PRC Company Law and may not have a supervisory committee or supervisors.

Pursuant to the PRC Company Law, an audit committee shall have three or more members, more than half of whom shall not hold any position within the company other than that of director and shall not have any relationship with the company that may affect their independent and objective judgment. Employee representatives serving as members of the company's board of directors may serve as members of the audit committee. Resolutions of the audit committee shall be adopted by more than half of its members. Each member of the audit committee shall have one vote in the voting on resolutions. The procedures for deliberation and voting of the audit committee, unless otherwise stipulated by the PRC Company Law, shall be specified in the company's articles of association.

Where a listed company establishes an audit committee within its board of directors, the board of directors shall obtain the approval of more than half of all members of the audit committee before adopting resolutions on the following matters:

(i) engaging or dismissing an accounting firm undertaking the company's audit business;

(ii) appointing or dismissing the financial officer;

(iii) disclosure of financial and accounting reports; and

(iv) other matters stipulated by the CSRC.

Pursuant to the Guidance for Articles of Association, a listed company should set up audit committee to exercise the powers and functions of the supervisory committee provided in the PRC Company Law.

Manager and Senior Management

Pursuant to the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and exercise functions and powers as specified in the articles of association or as authorized by the board of directors.

The manager shall attend meetings of the board of directors as a non-voting attendee.

Pursuant to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, Managers and Other Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the Company.

Directors and senior management are prohibited from:

(i) embezzling company property, misappropriation of the company's capital;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of their own power;

(iv) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;

(v) unauthorized divulgence of confidential information of the company; and

(vi) other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The Guidance for Articles of Association provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the supervisory committee and shall not interfere with the performance of duties by the supervisory committee or individual supervisors; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

The Overseas Listing Trial Measures stipulate that the filing materials for overseas listing of domestic companies shall be true, accurate and complete, and shall not contain false records, misleading statements or material omissions. Domestic companies and their controlling shareholders, de facto controllers, directors, supervisors and senior management shall fulfill their obligations of information disclosure in accordance with the law, be honest, trustworthy, diligent and responsible and ensure that the filling materials are true, accurate and complete.

Finance and Accounting

Pursuant to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company twenty days before the convening of an annual shareholders' meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Upon the transfer of the statutory common reserve fund into capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Accounting Firm

The Guidance for Articles of Association provides that a company shall engage an accounting firm which is qualified with the PRC Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended.

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal, withholding or falsification of information. Furthermore, the Guidance for Articles of Association provides that the audit fee for the accounting firm shall also be determined by shareholders at a shareholders' meeting.

Profit Distribution

Pursuant to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is drawn. At the same time, the Overseas Listing Trial Measures stipulate that domestic enterprises may raise funds and pay dividends in foreign currencies or RMB for overseas listings.

Amendments to the Articles of Association

Pursuant to the PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) where, after any amendment to the PRC Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended;

(ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and

(iii) where the shareholders' meeting decides to amend the articles of association.

The Guidance for Articles of Association further provides that where any amendment to the articles of association adopted by a shareholders' meeting is subject to approval by the competent authorities, such amendment shall be submitted for approval; where any amendment involves the company's registration items, the company's registration with the authority shall also be amended. In addition, an announcement shall be made in accordance with the applicable provisions provided that the amendment to the articles of association is required to be disclosed by any law or regulation.

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved for any of the following reasons:

(i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders have resolved at a shareholders' meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or division;

(iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraph (i) or (ii) above, and it has not distributed the assets to its shareholders yet, the company may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, it should establish a liquidation committee within fifteen days of the date on which the dissolution event occurs. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within fifteen days from the date of occurrence of the cause of dissolution. The liquidation committee may exercise following powers during the liquidation:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors or publish announcements;

(iii) to deal with and settle any outstanding business related to the liquidation;

(iv) to pay any overdue tax together with any tax arising during the liquidation process;

(v) to settle the company's claims and liabilities;

(vi) to distribute the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days from its establishment and publish an announcement in newspapers within sixty days.

A creditor shall lodge his claim with the liquidation committee within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy liquidation in accordance with the laws. After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel 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, thus causing any loss to the company, shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Overseas Listing Trial Measures, both initial public offerings or listings in overseas markets shall be filed with the CSRC within three business 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 three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Demerger

Pursuant to the PRC Company Law, merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. The companies involved shall notify their creditors within ten days from the date of the resolution on the merger and make an announcement within thirty days. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement in newspaper or on the National Enterprise Credit Information Publicity System shall be made in the press within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company and a public announcement in the newspaper or the National Enterprise Credit Information Publicity System shall be made in the press within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of the shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

The PRC Securities Law is the first national securities law in China, and the regulatory matters include the issuance and trading of securities, the acquisition of listed companies, information disclosure, obligations and responsibilities of stock exchanges, securities companies and securities regulatory authorities, etc. The PRC Securities Law comprehensively regulates activities in the PRC securities market.

Pursuant to the PRC Securities Law, domestic enterprises issuing securities overseas directly or indirectly or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of shares (including [REDACTED]) issued overseas is mainly regulated by rules and regulations issued by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**") was enacted by the Standing Committee of the National People's Congress on August 31, 1994, with its effective amendment on September 1, 2017. The PRC Arbitration Law was last amended on September 12, 2025 and became 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 PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a 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 PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement.

If the respondent puts forward evidence to prove that the arbitral award is under any of the following circumstances, the award shall not be enforced upon examination and verification by an arbitration tribunal of the people's court:

(i) the parties have no arbitration clause in their contract, nor have subsequently reached a written agreement on arbitration;

(ii) the matter to be ruled does not fall within the scope of the arbitration agreement or the arbitration institution has no right to arbitrate;

(iii) the composition of the arbitration tribunal or the arbitration procedure violates the legal procedure;

(iv) the evidence on which the award is based is forged;

(v) the other party conceals evidence sufficient to influence the impartial award from the arbitration institution;

(vi) the arbitrators have committed acts of embezzlement, bribery, favoritism and malpractices, or perverting the law in arbitrating the case.

If the people's court determines that the enforcement of the award violates the public interest, the award shall not be enforced.

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitration body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the National People's Congress passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the Standing Committee of the National People's Congress declared that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state based on the principle of reciprocity; and (ii) the New York Convention will only apply to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) were passed at the Judicial Committee meetings of the Supreme People's Court on June 18, 1999, which came into effect on February 1, 2000. The Supplementary Arrangements of Supreme People's Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region (《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》) were promulgated by the Supreme People's Court on November 26, 2020. Under these arrangements, if a party fails to perform the arbitral award rendered in the Mainland or the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), the other party may apply for enforcement to the relevant court in the place where the respondent is domiciled or where the property is located.

Judicial Judgment and its Enforcement

Pursuant to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which was promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, except for judgments in civil and commercial cases that are not applicable under Article 3 of this Arrangements. Judgments that can be recognized and enforced in both places are those made by mainland and Hong Kong Special Administrative Region courts on or after January 29, 2024. The mutually recognized and enforced judgments include monetary judgments and non-monetary judgments.

This Appendix is mainly providing [REDACTED] with an overview on the Articles of Association of our Company. The following information is only a summary, not covering all the information that may be material to [REDACTED].

SHARES AND REGISTERED CAPITAL

The issuance of the shares of our Company shall be conducted in the principle of openness, fairness and justness, and each share of the same class shall be entitled to equal rights. For shares issued at the same time and within the same class, it shall be issued in the same conditions and price; and subscribers shall pay the same price for each share they subscribe. The A shares issued by our Company shall be deposited at a domestic securities depository and settlement agency. The overseas listed shares issued by our Company may be deposited in accordance with applicable laws and securities regulatory provisions of the stock exchange listing venue, and the requirements of securities registration and depository.

INCREASE/DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase/Decrease of Shares

According to the needs for the operation and development of our Company, and subject to applicable laws and regulations upon respective resolution by a Shareholders' meeting, our Company may increase its registered capital by any of the following means:

(1) issuing shares to non-specifically designated parties;

(2) issuing shares to specifically designated parties;

(3) distribution of bonus shares to existing Shareholders;

(4) converting the reserved funds into share capital; or

(5) other methods permitted by laws, administrative regulations and approved by securities regulatory authority where the Company is listed.

To reduce its registered capital, our Company shall proceed in compliance with the PRC Company Law, the Listing Rules, other relevant regulations and the Articles of Association.

Repurchase of Shares

The Company shall not acquire its own shares. However, the following circumstances are excluded:

(1) reducing the registered capital of our Company;

(2) merging with another company holding shares of our Company;

(3) using shares for stock incentive plans and employee stock plans;

(4) acquiring the shares of Shareholders who vote against any resolution adopted at the Shareholders' meeting on the merger or demerger of our Company and request our Company to acquire their shares;

(5) using shares for converting corporate bonds issued by our Company convertible into shares;

(6) as required for our Company to maintain corporate value and Shareholders' interests; or

(7) other circumstances approved by applicable laws and administrative regulations.

Any repurchase under circumstances (3), (5) or (6) above shall be conducted through open and centralized trading.

A resolution of a Shareholders' meeting is required for repurchasing shares under circumstances (1) or (2) above. In accordance with the provisions of the Articles of Association or the authorization of the Shareholders' meeting, repurchase of shares under circumstances (3), (5) or (6) above may be resolved by a resolution of a meeting of the Board with a quorum of no less than two-thirds of Directors. The shares acquired under the above circumstance (1), shall be de-registered within ten days from the date of repurchase; the shares acquired under the above circumstances (2) or (4), shall be transferred or de-registered within six months; and the shares acquired under the above circumstances (3), (5) or (6), shall be transferred or de-registered within three years, and the shares held in total by our Company shall not exceed 10% of total shares issued by our Company. Where applicable laws, regulations and the securities regulatory rules of the place where the Company is listed provide otherwise regarding the relevant matters involved in the aforementioned share repurchase, those provisions shall prevail.

Where our Company acquires its own shares, it shall fulfill its information disclosure obligations in accordance with applicable laws, the stock exchange rules of the place where the Company is listed and other applicable securities regulatory rules.

Transfer of Shares

The shares of the Company shall be transferred in accordance with the law.

The shares issued by the Company prior to its initial public offering of A-shares shall not be transferable within one year from the date on which the Company's shares are listed and traded on the Shanghai Stock Exchange.

The Directors and senior management of our Company shall report their shareholding in our Company and changes thereof to our Company, and during their tenure determined at the time of taking office, the shares transferred by them each year shall not exceed 25% of the total number of Company shares of the same class held by them; the shares held by them shall not be transferred within one year from the date when the shares of our Company are listed and traded; within half a year from departure from our Company, the aforesaid persons shall not transfer our Company shares held by them.

If the securities regulatory rules of the place where the Company is listed have other provisions on the transfer restrictions of the Company's shares, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

Our Company establishes its register of Shareholders based on certificates provided by the securities registrar and the register of Shareholders shall be the prima facie evidence of share ownership. Shareholders enjoy rights and assume obligations according to the class of shares they hold; each share of the same class shall bear the same rights and obligations.

The Shareholders of our Company shall be entitled to the following rights:

(1) receiving dividends and other forms of interest distribution in proportion to their shareholdings;

(2) requiring, convening, chairing, attending by person or by proxy a Shareholders' meeting pursuant to the laws, and exercising the relevant speaking right, inquiry right and voting right at the meeting;

(3) supervising, presenting suggestions on or making inquiries about the business operation of our Company;

(4) transferring, gifting or pledging the shares held by them, in accordance with applicable laws, administrative regulations, securities regulatory rules of the place where the Company is listed and the Articles of Association;

(5) accessing and replicating the Articles of Association, the register of Shareholders, minutes of Shareholders' meeting, resolutions of Board and financial and accounting reports; in accordance with applicable laws and regulations, eligible shareholders may also have access to the company's accounting books and accounting vouchers;

(6) participating in the distribution of residual assets of our Company in proportion to their shareholdings, upon termination or liquidation of our Company;

(7) for Shareholders who vote against any resolution adopted at the Shareholders' meeting on the merger or demerger of our Company, requesting our Company to acquire its shares; and

(8) any other rights stipulated by applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed or the Articles of Association.

In the event that any resolution by the Shareholders' meeting or the Board meeting violates applicable laws and administrative regulations, the Shareholders may request people's court to invalidate such a resolution. In the event that the convening procedures or voting means of the Shareholders' meeting or the Board meeting violate applicable laws, administrative regulations or the Articles of Association, or any resolution violates the Articles of Association, Shareholders may request people's court to withdraw such resolution within sixty days from the date of resolution, unless there are only minor defects in the convening procedures or voting means of the Shareholders' meeting or the Board meeting, which do not have a material impact on the resolutions.

The Shareholders of our Company shall undertake the following obligations:

(1) abiding by applicable laws, administrative regulations, securities regulatory rules of the place where the Company is listed and the Articles of Association;

(2) making payment according to the number of shares subscribed for and the manners of subscription;

(3) not withdrawing the shares, unless otherwise stipulated by applicable laws and regulations;

(4) not abusing Shareholder's rights to harm the interests of our Company or other Shareholders; not abusing the independent legal person status of our Company and the limited liability of Shareholders to harm the interests of our Company's creditors; and

(5) any other obligations stipulated by applicable laws, administrative regulations, securities regulatory rules of the place where the Company is listed and the Articles of Association.

Any Shareholder who abuses Shareholder's rights causing losses to our Company or other Shareholders shall be liable for compensation pursuant to the laws. Any Shareholder who abuses the independent legal person status of our Company and the limited liability of Shareholders to evade debts and severely infringe upon the interests of our Company's creditors shall be held jointly and severally liable for our Company's debts.

Controlling Shareholder

The controlling Shareholder(including indirect controlling shareholder) of our Company shall exercise their rights and perform their obligations pursuant to the provisions of applicable laws, administrative regulations, CSRC regulations and the stock exchange rules of the place where the Company is listed and protect the interests of our Company. The controlling Shareholder of our Company shall comply with the following provisions:

(1) exercise shareholder rights in accordance with the law, and shall not abuse controlling rights or use connected relationships to harm the legitimate rights and interests of our Company or other shareholders;

(2) strictly fulfill all public statements and commitments made, and shall not arbitrarily modify or waive them;

(3) strictly perform information disclosure obligations in accordance with relevant regulations, actively cooperate with our Company in information disclosure work, and promptly inform our Company of any major events that have occurred or are planned to occur;

(4) shall not occupy Company's funds in any form;

(5) shall not compel, direct, or require our Company and its personnel to provide illegal or non-compliant guarantees;

(6) shall not use our Company's undisclosed material information for personal gain, disclose any undisclosed material information related to our Company in any form, or engage in illegal or non-compliant activities such as insider trading, short-swing trading, or market manipulation;

(7) shall not harm the legitimate rights and interests of our Company and other Shareholders through non-arm's length connected transactions, profit distribution, asset restructuring, external investments, or any other means;

(8) ensure our Company's asset integrity, personnel independence, financial independence, organizational independence and business independence, and shall not affect our Company's independence in any way; and

(9) other provisions stipulated by applicable laws, administrative regulations, CSRC regulations, securities regulatory rules of the place where the Company is listed and the Articles of Association.

If our Company's controlling shareholder does not serve as a director but de facto manages our Company's affairs, the provisions of the Articles of Association regarding directors' fiduciary duties and duty of diligence shall apply.

If our Company's controlling shareholder instructs a director or senior management personnel to engage in conduct that harms the interests of our Company or its Shareholders, such controlling shareholder shall bear joint and several liability with such director or senior management personnel.

General Rules for Shareholders' Meetings

The Shareholders' meeting is the organ of authority of our Company, and shall duly exercise the following functions and powers:

(1) to elect, replace and remove any Director that is not an employee representative Director and to determine the remuneration of the relevant Directors;

(2) to review and approve the reports of the Board;

(3) to review and approve our Company's profit distribution plans and loss recovery plans;

(4) to resolve on our Company's increase/decrease of registered capital;

(5) to resolve on our Company's issuance of corporate bonds;

(6) to resolve on our Company's merger, division, spin-off, dissolution, liquidation or change of its corporate form;

(7) to amend the Articles of Association;

(8) to decide on the engagement or dismissal of the accounting firm;

(9) to review and approve the guarantee matters under the Articles of Association;

(10) to review and approve our Company's purchase or disposals of material assets accumulated within one year in the amount exceeding 30% of the latest audited total assets of our Company;

(11) to review and approve the change in the use of raised proceeds;

(12) to review the stock incentive plans and employee stock plans;

(13) to adopt resolutions on certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association;

(14) to review and approve the purchase of liability insurance for the Company's directors and senior management;

(15) the annual general meeting of the Company may authorize the Board of Directors to decide on the issuance of shares to specific targets for a total financing amount not exceeding RMB300 million and not exceeding 20% of the Company's net assets at the end of the most recent fiscal year. Such authorization shall lapse on the date of convening of the next annual general meeting; and

(16) other matters to be decided by Shareholders' meeting under applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed and the Articles of Association.

There are two types of Shareholders' meetings, namely annual Shareholders' meeting and extraordinary Shareholders' meeting. The annual Shareholders' meeting shall be convened once a year and shall be held within six months from the end of last accounting year.

The extraordinary Shareholders' meeting shall be convened within two months from the date of occurrence of any of the following events:

(1) the number of Directors is less than two-thirds of the quorum required by the PRC Company Law, or less than two-thirds of the quorum required by the Articles of Association;

(2) the outstanding losses of our Company account for one-third of our Company's total share capital;

(3) Shareholder(s) individually or jointly holding at least 10% shares of our Company send(s) a written request for meeting;

(4) the Board deems necessary;

(5) the Audit Committee proposes to convene the meeting; or

(6) other circumstances under applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed or the Articles of Association.

Convening of Shareholders' Meetings

With the approval of more than half of all independent Directors, the independent Directors may propose to convene an extraordinary Shareholders' meeting. In accordance with applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary Shareholders' meeting within ten days after receiving the proposal. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions. In the event that the Board declines to convene an extraordinary Shareholders' meeting, the Board shall specify the reasons and make an announcement.

The Audit Committee may propose in writing to convene an extraordinary Shareholders' meeting. In accordance with applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary Shareholders' meeting within ten days after receiving the proposal. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions, and any changes to the original proposal in such notice shall be agreed upon by the Audit Committee. In the event that the Board declines to convene an extraordinary Shareholders' meeting or fails to respond within ten days, it shall be deemed to be unable or to fail to fulfill its duty to convene a Shareholders' meeting and then the Audit Committee may convene and preside over the meeting on its own.

Shareholder(s) individually or jointly holding 10% or more of shares (excluding the Company's treasury shares) may request in writing to convene an extraordinary Shareholders' meeting to the Board and specify the subject of the meeting. In accordance with applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed, and the Articles of Association for the meeting, the Board shall provide written feedback on whether to agree or disagree with the request to convene such extraordinary Shareholders' meeting within ten days after receiving the request. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). In the event that the Board declines to convene an extraordinary Shareholders' meeting or fails to respond in writing within ten days after receiving the request, Shareholder(s) individually or jointly holding 10% or more of shares (excluding the Company's treasury shares) may request in writing to convene an extraordinary Shareholders' meeting to the Audit Committee. In the event the Audit Committee agrees to convene an extraordinary Shareholders' meeting, the Audit Committee shall issue an extraordinary Shareholders' meeting notice within five days of receiving such request, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). In the event that the Audit Committee fails to issue the notice within the time limit, it shall be deemed to fail to convene and chair a Shareholders' meeting, and then the Shareholder(s) individually or collectively holding 10% or more of shares (excluding the Company's treasury shares) for at least ninety consecutive days may convene and chair the meeting on its/their own.

In the event of the Audit Committee or the Shareholder(s) convening and holding a Shareholders' meeting on its/their own, the necessary expenses incurred for such meeting shall be borne by our Company.

Notice of Shareholders' Meetings

To hold an annual Shareholders' meeting, the convener shall notify all Shareholders by announcement twenty-one days in advance. To hold an extraordinary Shareholders' meeting, the convener shall notify all Shareholders by announcement fifteen days in advance. In calculating the starting period, the Company shall exclude the date of the meeting is convened and may include the date of issuance of the notice.

The notice of the Shareholders' meeting shall include the following:

(1) the time, place and duration of meeting;

(2) subject matters and proposals submitted for consideration and approval on the meeting;

(3) particulars shall be in clear text that all shareholders are entitled to attend shareholders' meetings and may appoint their proxies in writing to attend and vote at the meetings. Such proxies need not be shareholders of the Company;

(4) the record date of equity for shareholders who are entitled to attend the shareholders' meeting;

(5) name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;

(6) online or other means of voting time and voting procedures; and

(7) other matters that need to be specified under applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed or the Articles of Association.

Proposals at Shareholders' Meetings

When our Company convenes a Shareholders' meeting, the Board, the Audit Committee and the Shareholder(s) individually or jointly holding 1% or more of shares (excluding the Company's treasury shares) of our Company are entitled to put forward new proposals to our Company. The Shareholder(s) individually or jointly holding 1% or more of shares (excluding the Company's treasury shares) of our Company may submit interim proposals in writing to the convener ten days in advance. The convener of the Shareholders' meeting shall issue a supplemental notice of Shareholders' meeting, announcing the contents of the interim proposals, within two days after receiving such proposals, and submit the interim proposals to the Shareholders' meeting for deliberation except where such interim proposals violate applicable laws, administrative regulations, the securities regulatory rules of the place where the Company is listed or the Articles of Association, or do not fall within the scope of authority of the Shareholders' meeting.

Proxy at Shareholders' Meetings

All shareholders registered in the register of members on the record date, or their proxies, shall have the right to attend the Shareholders' meeting and exercise voting rights in accordance with applicable laws, regulations, securities regulatory rules of the place where the Company is listed and the Articles of Association (save that individual shareholders may be required to abstain from voting on specific matters under the securities regulatory rules of the place where the Company is listed).

A shareholder may attend the Shareholders' meeting in person or appoint a proxy to attend and vote on its behalf.

Resolutions of Shareholders' Meetings

There are two kinds of resolutions made at Shareholders' meeting, namely ordinary resolutions and special resolutions. Ordinary resolutions shall be approved by more than half of voting rights held by the Shareholders (including proxies) attending the Shareholders' meeting. Special resolutions shall be approved by above two-thirds of the voting rights held by Shareholders (including proxies) attending the Shareholders' meeting.

A Shareholder or proxy shall exercise its voting rights pertaining to the voting shares held by it when voting at Shareholders' meeting, and each share shall have one vote. When voting on shares, a securities registration and settlement institution acting as a nominee holder of shares under the Mainland China-Hong Kong Stock Connect, or a recognised clearing house (or its agent) as defined under the relevant ordinances of Hong Kong from time to time, with two or more voting rights, is not required to cast all its votes in favor, against or in abstention on a proposal. However, there is no voting rights attached to the shares held by our Company, and such portion of shares shall not be included in the total number of shares with voting rights at Shareholders' meeting.

The following matters shall be approved by ordinary resolutions at the Shareholders' meeting:

(1) the work report of the Board;

(2) the profit distribution plan and plan for covering losses formulated by the Board;

(3) to election and replacement of Directors that are not employee representative Directors, determination of matters related to the remuneration of such Directors;

(4) other matters to be decided by the Shareholders' meeting other than those required to be approved by a special resolution under applicable laws, administrative regulations, securities regulatory rules of the place where the Company is listed and the Articles of Association.

The following matters shall be approved by special resolutions at the Shareholders' meeting:

(1) the increase or decrease of share capital of our Company;

(2) the division, spin-off, merger or change of organizational form, dissolution or liquidation (including voluntary winding-up) of our Company;

(3) the amendment to the Articles of Association and its annexes (including the Rules of Procedure for Shareholders' Meetings and the Rules of Procedure for the Board of Directors);

(4) the purchase, disposals of material assets or provision of guarantees accumulated within one year in the amount exceeding 30% of latest audited total assets of our Company;

(5) stock incentive plans; and

(6) any other matters to be approved by extraordinary resolutions as required by applicable laws, administrative regulations, securities regulatory rules of the place where the Company is listed and the Articles of Association as well as other matters that are determined by the ordinary resolutions of the Shareholders' meeting to have a significant impact on our Company and require to be approved by special resolutions.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

The Directors of our Company shall be natural persons.

Directors who are not employee representative Directors shall be elected or replaced at Shareholders' meeting and may be removed by the Shareholders' meeting before the expiry of their terms of office. The tenure of a Director shall be three years. Upon the expiration of his tenure, a Director may be re-elected and serve consecutive terms.

The tenure of a Director shall be from the date of appointment to the expiry of tenure of the current Board. If a Director's tenure expires but an alternate Director is not elected in time, then before the alternate Director holds office, the original Director shall still perform the duties as Director, in accordance with applicable laws, administrative regulations, departmental rules and the Articles of Association.

A Director may propose resignation before expiry of tenure, by filing a resignation report in writing to the Board. The resignation shall take effect on the date our Company receives the resignation report. The Company shall disclose the relevant information within two trading days. If the resignation of a Director results in the number of members of the Board falling below the statutory minimum number, the original Director shall continue to perform his duties as a Director in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed and the Articles of Association until the newly elected Director takes office.

Chairman

The Board shall have one chairman, who shall be elected by more than half of all Directors.

The chairman of the Board shall exercise the following powers and functions:

(1) presiding over the Shareholders' meetings, convening and presiding over the Board meetings;

(2) supervising and inspecting the implementation of resolutions of the Board;

(3) signing the Company's shares, corporate bonds and other securities;

(4) signing important documents of the Board or other documents required to be signed by the Company's legal representative;

(5) exercising the functions and powers of the Company's legal representative;

(6) other duties granted by the Board.

Where the chairman is incapable of performing or fails to perform his/her duties, such duties shall be performed by a Director jointly elected by a majority of Directors.

Board

Our Company sets up the Board, composed of 7 Directors, including 3 independent Directors and 1 employee representative Director. The Board shall have 1 chairman.

The Board shall exercise the following functions and powers:

(1) convening the Shareholders' meeting and submitting work reports to the Shareholders' meetings;

(2) implementing resolutions of the Shareholders' meetings;

(3) determining the operating plans and investment schemes of our Company;

(4) formulating the profit distribution plan and loss makeup plan of our Company;

(5) formulating our Company's plans for increase or decrease of the registered capital, issuance of corporate bonds or other securities, or listing plans;

(6) formulating the plans for major acquisitions, share repurchase, merger, division, dissolution or change of corporate form of our Company;

(7) deciding, to the extent authorized by the Shareholders' meeting, our Company's external investment, acquisition and sale of assets, mortgage of assets, external guarantee, entrusted management of wealth, connected transactions, external donations and other matters;

(8) deciding on the setup of internal management bodies of our Company;

(9) deciding on the appointment or dismissal of the general manager, the secretary of our Board and other senior management personnel, and deciding on their remuneration, rewards and punishments; deciding on the appointment or dismissal of deputy general managers, the chief financial officer and other senior management personnel upon nomination by general manager, and deciding on their remuneration, rewards and punishments;

(10) formulating the fundamental management systems of our Company;

(11) formulating the modification plan of the Articles of Association;

(12) managing the information disclosure of our Company;

(13) proposing to the Shareholders' meeting the engagement or replacement of the accounting firm which provides audit services to our Company;

(14) hearing the work reports by the general manager of our Company and inspecting the work performed by the general manager;

(15) formulating the stock incentive plans and employee stock plans;

(16) any other functions and powers granted by applicable laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed, the Articles of Association or the Shareholders' meeting.

Matters exceeding the scope of authorization granted by the Shareholders' meeting shall be submitted to the Shareholders' meeting for deliberation.

Upon the consent of more than half of the Board, the chairman may be authorized to exercise certain functions and powers of the Board when it is not in session, which shall be determined by the Board resolutions. However, major matters of our Company shall be decided collectively by the Board. The statutory functions and powers that should be exercised by the Board shall not be delegated to the chairman, the general manager or others.

The Board shall explain to Shareholders' meeting about the non-standard audit opinions issued by the accounting firm on the financial statements of our Company.

The Board may hold two kinds of meetings, namely regular meetings and interim meetings. The Board shall hold at least four regular meetings per year, approximately once every quarter, convened by the chairman. The notice for the regular meeting shall be delivered to all Directors in writing at least fourteen days prior to the date of regular meetings.

The notice of interim meetings shall be sent to all Directors five days prior to the date of interim meetings in writing, by fax, e-mail, or other means. In an emergency requiring the Board to hold an interim meeting as soon as possible, the notice of meeting may be given by telephone or other oral means, provided that the convener shall make explanations at the meeting.

Unless otherwise provided in these Articles of Association, the meeting of the Board may not be held without more than half of Directors being present.

Save as otherwise provided in the Articles of Association and its appendices, a resolution of the Board shall be adopted by more than half of all Directors. When the Board examines and considers guarantee matters, in addition to being adopted by more than half of all Directors, such matters shall also be approved by more than two-thirds of the Directors present at the Board meeting. Voting on Board resolutions shall be on the basis of one vote per Director.

Where a Director has a connected relationship with an enterprise or individual involved in a matter to be resolved at a meeting of the Board, such Director shall promptly make a written report to the Board. A Director with a connected relationship may not exercise voting rights in respect of such resolution, nor may such director exercise voting rights on behalf of other Directors. A meeting of the Board may be convened if more than half of the non-connected Directors are present. A resolution adopted at a Board meeting shall be passed by more than half of the non-connected Directors; provided that if the matter under deliberation requires approval by two-thirds or more of the Directors, such matter shall be approved by two-thirds or more of the non-connected Directors. If fewer than three non-connected Directors attend the Board meeting, the matter shall be submitted to the Shareholders' meeting for deliberation. If laws, regulations or the securities regulatory rules of the place where the Company is listed impose additional restrictions on Directors' participation and voting at Board meetings, such laws, regulations and rules shall prevail. When the Board deliberates on connected transaction matters, a Director having a connected relationship with such connected matter (including authorised agents) may attend the Board meeting and may state his/her views to the attending Directors in accordance with the meeting procedures, but must abstain from voting when votes are cast.

Audit Committee

The Board shall establish an Audit Committee, which shall exercise the powers of the board of supervisors as prescribed by the PRC Company Law and the securities regulatory rules of the place where the Company is listed. The Audit Committee shall comprise three members, including two independent Directors, with the convener (chairman) being an accounting professional among the independent Directors who meets the requirements of the securities regulatory authorities of the place where the Company is listed. All members of the Audit Committee must be non-executive Directors and may not serve as senior management of our Company.

The Audit Committee is responsible for reviewing our Company's financial information and its disclosure, supervising and evaluating the work of both internal and external auditors, and assessing internal controls. The following matters must be approved by a majority of all Audit Committee members before being submitted to the Board for consideration:

(1) the disclosure of financial information in financial statements and periodic reports, as well as internal-control evaluation reports;

(2) the appointment or dismissal of the accounting firm engaged to perform our Company's audit;

(3) the appointment or dismissal of the chief financial officer;

(4) changes in accounting policies or estimates, or corrections of material accounting errors, other than those resulting from changes in accounting standards; and

(5) other matters required by laws, administrative regulations, CSRC regulations, the securities regulatory rules of the place where the Company is listed and the Articles of Association.

The Audit Committee shall meet at least once each quarter. Extraordinary meetings may be convened upon the request of two or more members or whenever the convener deems it necessary. An Audit Committee meeting may be held only when at least two-thirds of its members are present. Resolutions of the Audit Committee shall be adopted by a simple majority of its members. Each member is entitled to one vote. Minutes of the meeting shall be prepared in accordance with applicable requirements and signed by all attending members. The Board shall adopt rules governing the Audit Committee's work.

Nomination Committee and Remuneration and Appraisal Committee

The Board shall establish a Strategy Committee, a Nomination Committee, a Remuneration and Appraisal Committee and other special committees which shall perform their duties in accordance with the securities regulatory rules of the place where the Company is listed, the Articles of Association and the Board's authorization. Proposals adopted by these committees shall be submitted to the Board for decision. The Board shall adopt detailed rules governing each committee's work.

The Nomination Committee shall be composed entirely of Directors, a majority of whom shall be independent Directors, and the convener (chairman) shall be an independent Director.

The Remuneration and Appraisal Committee shall be composed entirely of Directors, a majority of whom shall be independent Directors, and the convener (chairman) shall be an independent Director.

The Nomination Committee is responsible for establishing selection criteria and procedures for Directors and senior management, identifying and reviewing candidates and their qualifications, and making recommendations to the Board on:

(1) the nomination, appointment or removal of Directors;

(2) the appointment or dismissal of senior management; and

(3) any other matters required by applicable laws, administrative regulations, normative documents, the securities regulatory rules of the place where the Company is listed, or the Articles of Association.

Where the Board does not adopt, or only partially adopts, the Nomination Committee's recommendations, the Board resolution must set out the committee's views and the specific reasons for non-adoption, and such information must be disclosed.

The Remuneration and Appraisal Committee is responsible for formulating performance-evaluation standards for Directors and senior management, conducting such evaluations, and designing, reviewing and recommending policies and procedures governing remuneration decisions, payment and claw-back arrangements. It shall advise the Board on:

(1) the remuneration of Directors and senior management;

(2) the establishment or amendment of equity-incentive plans or employee stock ownership schemes, and the fulfilment of conditions for the grant or exercise of benefits under such plans;

(3) arrangements for Directors and senior management to hold shares in a subsidiary proposed to be spun off; and

(4) any other matters required by applicable laws, administrative regulations, the securities regulatory rules of the place where the Company is listed, or the Articles of Association.

Where the Board does not adopt, or only partially adopts, the Remuneration and Appraisal Committee's recommendations, the Board resolution must set out the committee's views and the specific reasons for non-adoption, and such information must be disclosed.

Senior Management

Our Company shall have one general manager, several deputy general managers and one chief financial officer to be appointed or dismissed by the Board. The general manager, deputy general managers, chief financial officer and secretary of our Board shall be the senior management of our Company. The provisions of the Articles of Association regarding the circumstances under which a person may not serve as a Director and the director's resignation management system shall also apply to senior management. The provisions regarding the duty of loyalty and duty of diligence of Directors shall also apply to senior management. Persons holding administrative positions other than Director or Supervisor in the controlling Shareholder or other entities controlled by it shall not serve as senior management of our Company. Senior management of our Company shall only receive salary from our Company and shall not have their salary paid by the controlling Shareholder or other entities controlled by it.

The term of office of the general manager shall be three years and may be re-elected and serve consecutive terms.

The general manager shall be responsible to the Board, and exercises the following functions and powers:

(1) take charge of the production, operation and management of our Company, organize the implementation of resolutions made at Board meetings and report to the Board;

(2) organize the implementation of the annual operation plan and investment plan of our Company;

(3) formulate the internal management setup plan of our Company;

(4) formulate the fundamental management system of our Company;

(5) formulate the specific rules and regulations of our Company;

(6) propose to the Board the appointment or dismissal of the Deputy General Managers and the Chief Financial Officer;

(7) appoint or dismiss a manager other than those who should be appointed or dismissed by the Board; and

(8) other functions and powers granted by laws, administrative regulations, departmental rules, normative documents, the Articles of Association or the Board.

The general manager who is not concurrently serving as a Director shall attend meetings of the Board.

The senior management shall faithfully perform his/her duties and safeguard the maximum interest of our Company and all Shareholders. If the senior management fails to faithfully perform their duties or violate their integrity obligations, causing damage to the interest of our Company and the Shareholders, they shall bear compensation liability in accordance with the law.

FINANCIAL ACCOUNTING POLICY

Our Company formulates the financial and accounting system according to applicable laws, administrative regulations and the relevant competent state authorities.

Our Company shall not establish other accounting books other than those required by laws. Our Company's funds shall not be deposited into any account opened in the name of any individual person.

The Company shall submit and disclose its annual report to the Hubei Securities Regulatory Bureau of the CSRC and the Shanghai Stock Exchange within four months from the end of each accounting year, and submit and disclose the interim report within two months from the end of the first six months of each accounting year. Our Company shall prepare the above-mentioned annual report and interim report in accordance with applicable laws, administrative regulations, CSRC regulations and the securities regulatory rules of the place where the Company is listed.

PROFITS DISTRIBUTION

To distribute after-tax profits for the current year, our Company shall allocate 10% of after-tax profits for the statutory reserves of our Company. If the cumulative amount of statutory reserves reaches 50% or more of the registered capital of our Company, no further allocation is required. If the statutory reserves are insufficient to make up for previous losses, then our Company shall firstly make up for previous losses with current profits, before any allocation is made to the statutory reserves in accordance with the preceding sentence.

After foregoing provision for statutory reserves, our Company may also draw discretionary reserves from after-tax profits, subject to the resolution of the Shareholder's meeting.

The remaining after-tax profits after loss makeup and provisions for reserves shall be distributed to Shareholders in proportion to their shareholding percentages, except where the Articles of Association provide that distribution shall not be made in proportion to shareholdings.

If the Shareholder's meeting distributes profits to Shareholders in violation of the PRC Company Law, then the Shareholders shall return to our Company the profits distributed in violation of the provisions. Where such violation causes losses to our Company, Shareholders and duty-bound Directors and senior management shall be liable for compensation.

The shares held by our Company itself shall not participate in the profit distribution.

The reserves of our Company are used to make up losses, expand business, or increase the registered capital of our Company. To make up for our Company's losses, the discretionary reserves and statutory reserves should be used first; if it is still unable to make up for it, the capital reserves can be used in accordance with relevant provisions.

When the statutory reserves are converted into capital, the remaining amount of said reserves shall not be less than 25% of the registered capital of our Company before such conversion.

After the Shareholders' meeting of our Company has resolved on the profit distribution plan, our Company shall complete the distribution of dividends within 2 months from the date of the resolution of the Shareholders' meeting. Where the Shareholders' meeting authorizes the Board to formulate an interim profit distribution plan for the following year based on the annual profit distribution plan, the Board shall complete the distribution of dividends (or shares) within 2 months from the date of the relevant Board resolution.

Our Company shall appoint one or more collection agents in Hong Kong for the holders of H Shares, who shall receive and hold the dividends and other payables of our Company in respect of overseas [REDACTED] shares (H Shares), on behalf of said Shareholders.

The collection agent appointed by our Company shall meet the requirements of laws, regulations and the securities regulatory rules of the place where the Company is listed.

ENGAGEMENT OF ACCOUNTING FIRM

Our Company shall engage an accounting firm in compliance with the PRC Securities Law, to conduct accounting statement auditing, net asset verification and other related consulting services. The engagement period is one year and can be renewed.

The engagement, or dismissal of an accounting firm and the remuneration of the accounting firm shall be decided by the Shareholders' meeting. The Board shall not engage an accounting firm prior to the decision by the Shareholders' meeting.

Our Company shall ensure that it provides the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials, and shall not refuse, conceal or make false statements.

Our Company shall send twenty-day prior notice to the accounting firm, in order to dismiss or not to reappoint the accounting firm, and the said accounting firm is entitled to give opinions when the Shareholders' meeting votes on the dismissal of the same. The accounting firm, in order to resign, shall make representations regarding whether our Company has any improper affairs to the Shareholders' meeting.

NOTICES AND ANNOUNCEMENTS

The notices of our Company shall be given in the following forms:

(1) by personal delivery;

(2) by mail or electronic mail;

(3) by facsimile;

(4) by way of announcement; and

(5) such other forms as permitted by the securities regulatory rules of the place where the Company is listed and the Articles of Association.

Where a notice issued by our Company is given by way of announcement, it shall be deemed to have been received by all relevant persons upon publication of the announcement. The notice of a Shareholders' meeting convened by our Company shall be given by way of announcement. The notice of a Board meeting convened by our Company shall be given by personal delivery, mail, electronic mail, telephone, facsimile or other means.

The accidental omission to give notice of a meeting to any person entitled to receive such notice, or the failure of any such person to receive the notice, shall not invalidate the meeting or any resolution passed at the meeting solely on that account.

MERGER AND DIVISION OF OUR COMPANY

The merger of our Company may take two forms: merger by absorption or merger by new establishment.

If the consideration for the merger does not exceed ten percent of our Company's net assets, a resolution of the Shareholders' meeting is not required, unless otherwise provided by the Articles of Association.

Mergers conducted in accordance with the preceding paragraph without a resolution of the Shareholders' meeting must be approved by a resolution of the Board.

In a merger of our Company, all parties to the merger shall sign the merger agreement and shall prepare their respective balance sheets and inventory lists of assets. Our Company shall notify its creditors within ten days from the date of the resolution on the merger and shall make a public announcement within thirty days from the date of such resolution in a newspaper or on the National Enterprise Credit Information Publicity System. Creditors may, within thirty days from the date of receiving the notice, or within forty-five days from the date of the public announcement for those who have not received the notice, demand that our Company settle the debts or provide corresponding guarantees. Upon the merger, the creditors' rights and the indebtedness of each merging party shall be assumed by the surviving entity or the newly established company resulting from the merger.

Where our Company is to be divided, its assets shall be divided accordingly. In the event of the division of our Company, the parties to such division shall prepare a balance sheet and a list of assets. Our Company shall notify its creditors within ten days from the date of the resolution on such division and shall make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within thirty days from the date of the resolution on such division. The post-division company shall be jointly and severally liable for the pre-division debts of our Company, unless provided otherwise in a written agreement pertaining to the payment of debts between our Company and its creditors prior to the division.

Where our Company undergoes a merger or division, changes in the particulars of our Company shall be registered with our Company registration authorities in accordance with the laws. Where our Company is dissolved, cancellation of its registration shall be conducted in accordance with the laws. Where a new company is established, it shall be registered in accordance with the laws.

DISSOLUTION AND LIQUIDATION OF OUR COMPANY

Our Company shall be dissolved upon the occurrence of any of the following events:

(1) the occurrence of any dissolution event specified in the Articles of Association;

(2) a resolution for dissolution is passed by a Shareholders' meeting;

(3) dissolution is necessary due to a merger or division of our Company;

(4) our Company's business license is revoked, our Company is ordered to close, or our Company is revoked in accordance with the law; or

(5) serious difficulties arise in the operation and management of our 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 a people's court to dissolve our Company.

Where our Company is dissolved in accordance with the provisions of items (1), (2), (4) and (5) above, it shall be liquidated. The Directors shall be the obligors of our Company's liquidation and shall form a liquidation committee to carry out the liquidation within fifteen days from the date on which the cause of dissolution arises. The liquidation committee shall be composed of Directors, unless otherwise provided by these Articles or other persons are elected by resolution of the Shareholders' meeting. Where a liquidation obligor fails to timely perform its liquidation obligations and causes losses to our Company or its creditors, it shall be liable for compensation.

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

(1) to dispose of the property of our Company, and to prepare a balance sheet and a list of properties;

(2) to inform creditors by notice and public announcement;

(3) to dispose of unfinished business of our Company relating to the liquidation;

(4) to pay up all outstanding taxes and tax arising during the liquidation process;

(5) to clear up claims and debts;

(6) to distribute the residual properties of our Company after the full settlement of debts; and

(7) to represent our Company in civil litigation.

The liquidation committee shall notify the creditors within ten days after its establishment and publish announcements in the newspaper or on the National Enterprise Credit Information Publicity System within sixty days. Creditors shall, within thirty days from the date of receiving the notice; or for creditors who do not receive the notice, within forty-five days from the date of the public announcement, declare their claims to the liquidation committee.

The creditor shall provide a description and supporting evidence of matters relating to their claims. The liquidation committee shall register the creditors' claims.

The liquidation committee shall not make any debt settlement during the period of declaration of claims.

A liquidation plan shall be formulated by the liquidation committee after the stocktaking of our Company's assets has been carried out and the balance sheet and a detailed inventory of assets have been formulated and shall be submitted to the Shareholders' meeting or people's court for confirmation.

The assets of our Company shall be applied for liquidation in the following order: payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of our Company's debts. The residual assets of our Company after settlement of all liabilities in accordance with the provisions of the preceding sentence shall be distributed to the Shareholders of our Company in proportion to their shareholdings.

During the liquidation period, our Company shall continue to exist but shall not carry out business activities unrelated to the liquidation. Before our Company's debts have been fully repaid in accordance with the provisions of the preceding paragraph, no assets of our Company shall be distributed to its Shareholders.

Where the liquidation committee, having examined our Company's assets and having prepared a balance sheet and an inventory of assets, discovers that our Company's assets are 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 bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Following the completion of liquidation, the liquidation committee shall formulate a report on liquidation, which shall be submitted to the Shareholders' meeting or the people's court for confirmation. The liquidation committee shall also submit the aforesaid documents to our Company registration authority and apply for cancellation of registration of our Company.

Members of the liquidation committee shall perform their liquidation duties with loyalty and diligence. Where a member of the liquidation committee fails to diligently perform his or her liquidation duties and causes losses to our Company, such member shall be liable for compensation. Where a member causes losses to a creditor due to intentional misconduct or gross negligence, such member shall be liable for compensation.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under one of the following circumstances, our Company shall amend the Articles of Association:

(1) when, following any amendment to the PRC Company Law or other relevant laws, administrative regulations or the securities regulatory rules of the place where the Company is listed, any provision of the Articles of Association conflicts with such amended laws, administrative regulations or securities regulatory rules;

(2) due to any change, when the information of our Company is inconsistent with the matters set forth in the Articles of Association; or

(3) when the Shareholders' meeting has made a resolution to amend the Articles of Association.

Any amendment to the Articles of Association shall take effect upon approval by the Shareholders' meeting. Where any amendment approved by the Shareholders' meeting involves any matter subject to company registration, the relevant change of registration shall be handled in accordance with the law. The Board shall amend the Articles of Association in accordance with the resolution of the Shareholders' meeting to amend the Articles of Association.

In the event that an amendment to the Articles of Association qualifies as required disclosure under applicable laws, administrative regulations, and the securities regulatory rules of the place where the Company is listed, such amendment should be publicly announced.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on November 6, 2015, and was converted into a joint stock company with limited liability under the laws of the PRC on December 7, 2022. Our Company completed the listing of A Shares on the Shanghai Stock Exchange (stock code: 603175) in October 2025.

Our Company [has been] registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance and has established a principal place of business in Hong Kong at Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Ms. Yeung Sui Ho (楊瑞好) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in "Taxation and Foreign Exchange," "Summary of Principal Legal and Regulatory Provisions" and "Summary of the Articles of Association" in Appendices III, IV and V to this document, respectively.

2. Changes in the Share Capital of Our Company

On October 24, 2025, the total issued share capital of our Company increased from RMB384,529,321 to RMB437,029,321, upon completion of our Company's A-share listing on the Shanghai Stock Exchange.

For further details on the historical change of share capital of our Company, see "History, Development and Corporate Structure" in this document. Save as disclosed above, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report in Appendix I to this document.

The registered share capital of Dynamic Thailand was increased from THB 4,200,000,000 to THB 6,100,000,000 on July 16, 2025, and was further increased to THB 9,100,000,000 on February 16, 2026.

The share capital of Dynamic Electronics Overseas Investment Holding Pte. Ltd. (formerly known as Dynamic Electronics Trading Pte. Ltd.) was increased from USD119,249,998 and SGD2 to USD159,249,998 and SGD2 on December 24, 2025, and was further increased to USD274,049,998 and SGD2 on June 16, 2026.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

At the general meeting of our Company held on September 17, 2026, the following resolutions, among other things, were duly passed:

(a) the issuance of H Shares with a nominal value of RMB1.00 each by our Company and such H Shares be [REDACTED] on the Stock Exchange;

(b) the number of H Shares to be [REDACTED] pursuant to the [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED], and the [REDACTED] shall not exceed [REDACTED]% of the above number of H Shares to be [REDACTED];

(c) subject to the completion of the [REDACTED], the Articles of Association to become effective on the [REDACTED] shall be conditionally adopted, and the Board and its authorized person have been authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and

(d) to authorize the Board and its authorized person to handle the matters relating to, among others, the [REDACTED], the [REDACTED] and [REDACTED] of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of the business carried on or intended to be carried on by our Company) were entered into by any member of our Group within the two years preceding the date of this document and are or may be material:

(a) the [REDACTED].

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1		9	Dynamic Kunshan	PRC	12132645	July 6, 2036
2	dynamic	9	Dynamic Kunshan	PRC	12132611	July 6, 2036

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Patent number	Application date
1	A circuit board capable of arbitrary folding (一種可任意折疊的線路板)	Invention	Dynamic Kunshan	ZL202110805745.5	July 16, 2021
2	5G high-frequency and high-speed circuit board and manufacturing process thereof (5G高頻高速電路板及其製備工藝)	Invention	Dynamic Kunshan	ZL202110870522.7	July 30, 2021
3	A processing method for fabricating PCB chamfers using a routing machine (一種成型機製作PCB斜邊的加工工藝)	Invention	Dynamic Kunshan	ZL202011223990.7	November 5, 2020

No.	Patent	Patent type	Patentee	Patent number	Application date
4	A copper thickness test fixture with adjustable resistance (一種可調電阻式銅厚測試治具)	Utility Model	Our Company	ZL201822234972.3	December 28, 2018
5	A composite test fixture enabling fine-tuning of expansion and contraction (一種可微調漲縮的複合測試治具)	Utility Model	Our Company	ZL201822234964.9	December 28, 2018
6	A fixture for detecting the levelness of the flowdrill on a fusion machine (一種用於檢測熱熔機的熱熔頭的水平度的治具)	Utility Model	Our Company	ZL201822234989.9	December 28, 2018
7	A double-sided high-pressure and ultrasonic cleaning line for PCBs (一種用於PCB的雙面高壓及超聲波清洗線)	Utility Model	Our Company	ZL201822234971.9	December 28, 2018
8	An oscillation device for gantry electroplating lines (一種龍門電鍍線用擺動裝置)	Utility Model	Our Company	ZL201920439923.5	April 2, 2019
9	A cleaning device for PCB maintenance machines (線路板檢修機的清潔裝置)	Utility Model	Our Company	ZL202121868915.6	August 10, 2021
10	A vibration device for copper balls in titanium baskets of electroplating equipment (用於電鍍設備鈦籃銅球的振動裝置)	Utility Model	Our Company	ZL202122328969.X	September 24, 2021
11	PCB voltage withstand testing device (電路板耐電壓測試裝置)	Utility Model	Our Company	ZL202123195306.1	December 17, 2021
12	A novel clamping plate structure (一種新的壓板機構)	Utility Model	Our Company	ZL202422050776.6	August 23, 2024
13	A copper stripping device for copper-plated steel plates (一種鍍銅鋼板的剝銅裝置)	Utility Model	Our Company	ZL202520276039.X	February 19, 2025
14	Apparatus and method for automatically loading copper balls into electroplating titanium baskets (電鍍鈦籃自動裝載銅球的裝置及方法)	Invention	Our Company	ZL202310463065.9	April 26, 2023
15	A board-loading apparatus with a limiting structure (一種帶限位結構的薄板上板裝置)	Utility Model	Our Company	ZL202521207079.5	June 13, 2025
16	A fixture for measuring the drilling accuracy of X-ray drillers (一種用於測量X-Ray鑽孔機的鑽孔精度的治具)	Utility Model	Dynamic Kunshan	ZL201721274567.3	September 30, 2017
17	A PCB capable of detecting laser misalignment (一種可偵測鐳射偏移的PCB)	Utility Model	Dynamic Kunshan	ZL201721274380.3	September 30, 2017
18	A composite test fixture enabling fine-tuning of expansion and contraction (一種可微調漲縮的複合測試治具)	Utility Model	Dynamic Kunshan	ZL201721272651.1	September 30, 2017
19	A copper thickness test fixture with adjustable resistance (一種可調電阻式銅厚測試治具)	Utility Model	Dynamic Kunshan	ZL201721274398.3	September 30, 2017
20	A module for detecting the continuity performance of laser vias in PCBs (一種檢測PCB板鐳射孔導通性能的模塊)	Utility Model	Dynamic Kunshan	ZL201721274093.2	September 30, 2017
21	A fixture for detecting the levelness of the flowdrill on a fusion machine (一種用於檢測熱熔機的熱熔頭的水平度的治具)	Utility Model	Dynamic Kunshan	ZL201721274561.6	September 30, 2017
22	A detection module for measuring the interlayer alignment of PCBs (一種用於偵測PCB的層間對準度的檢測模塊)	Utility Model	Dynamic Kunshan	ZL201721283476.6	September 30, 2017
23	Module for detecting the overhang length of contact fingers (金手指懸金長度檢測模組)	Utility Model	Dynamic Kunshan	ZL202022408964.3	October 27, 2020

No.	Patent	Patent type	Patentee	Patent number	Application date
24	Carrier board for thin panel production in PCB manufacturing lines (PCB生產線薄板生產用帶板)	Utility Model	Dynamic Kunshan	ZL202022431268.4	October 28, 2020
25	A letter-shaped magnetic fixing fastener for thin panel frames used in Plasma desmear processing (一種Plasma除膠薄板框架字母固定磁扣)	Utility Model	Dynamic Kunshan	ZL202022322932.1	October 19, 2020
26	Rotating device for semi-flex PCBs (Semi-flex線路板旋轉裝置)	Utility Model	Dynamic Kunshan	ZL202022625545.5	November 13, 2020
27	Bending device for semi-flex PCBs (Semi-flex線路板彎折裝置)	Utility Model	Dynamic Kunshan	ZL202022625548.9	November 13, 2020
28	A detection module for measuring the depth of mechanically-controlled blind vias on PCBs (一種PCB機械控深盲孔深度的偵測模塊)	Utility Model	Dynamic Kunshan	ZL202320405301.7	March 7, 2023
29	A PCB warpage straightening tool (一種PCB板彎翹反直工具)	Utility Model	Dynamic Kunshan	ZL202320086295.3	January 30, 2023
30	A build-up board with a heat dissipation accelerating structure (一種具有加速散熱結構的積層板)	Utility Model	Dynamic Kunshan	ZL202421681828.3	July 16, 2024

(c) Copyright

As of the Latest Practicable Date, we had registered the following copyright which we consider to be material to our business:

No.	Copyright	Registrant	Place of registration	Registration number	Registration date
1	PCF (Product Carbon Footprint) Carbon Footprint Management System [Abbreviation: PCF]V1.0 (PCF (Product Carbon Footprint) 碳足跡管理系統[簡稱：PCF] V1.0)	Our Company	PRC	2026SR0410483	March 10, 2026

(d) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1	dynamicpcb.com	Our Company	February 18, 2029
2	dtmcx.com	Our Company	January 17, 2036
3	dtmcx.cn	Our Company	January 17, 2036
4	dynamicpcb.cn	Dynamic Kunshan	September 18, 2027

Save as disclosed above, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and chief executive

Immediately following the completion of the [REDACTED] (assuming the [REDACTED], the options granted under the 2026 Share Option Scheme are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the interests and/or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [REDACTED], are set out below:

(i) Interest in our Company

Name	Nature of interest(1)	Number of Shares held or interested	Description of Shares	Approximate percentage of shareholding in our A Shares(2)	Approximate percentage of shareholding in our total issued share capital(3)
Mr. Huang(4)	Beneficial owner Interest in controlled corporation	5,499,840	A Shares	1.26%	[REDACTED]%
Lee Ying-Kuei (李英魁)(5)	Beneficial Owner	60,000	A Shares	0.01%	[REDACTED]%
He Junlan (賀君蘭)(6)	Beneficial owner Interest in controlled corporation	798,034	A Shares	0.18%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [437,029,321] A Shares in issue upon the [REDACTED].

(3) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED], assuming the [REDACTED] and the options granted under the 2026 Share Option Scheme are not exercised.

(4) As of the Latest Practicable Date, Mr. Huang, Beyond Expectation and Transcend Reputation directly held 6,800 A Shares, 2,873,243 A Shares and 2,619,797 A Shares, respectively. Beyond Expectation was held as to approximately 66.09% by Mr. Huang as its limited partner. Transcend Reputation was held as to approximately 48.97% by Mr. Huang as its limited partner. By virtue of the SFO, Mr. Huang is deemed to be interested in 5,493,040 A Shares held by Beyond Expectation and Transcend Reputation.

(5) As of the Latest Practicable Date, Lee Ying-Kuei was granted options to subscribe for 60,000 A Shares under the 2026 Share Option Scheme.

(6) As of the Latest Practicable Date, Huangshi Juhong directly held 786,034 A Shares, which was held as to approximately 7.50% by He Junlan as its general partner. By virtue of the SFO, He Junlan is deemed to be interested in the A Shares held by Huangshi Juhong. In addition, He Junlan was granted options to subscribe for 12,000 A Shares under the 2026 Share Option Scheme.

(ii) Interest in our associated corporations

Save as disclosed in the table below, so far as our Directors are aware, immediately following the completion of the [REDACTED], no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

Name	Position	Name of associated corporation	Capacity/ Nature of interest	Number of shares of the associated corporation	Approximate percentage of issued share capital of the associated corporation
Mr. Huang[1]	Chairman of the Board, executive Director and general manager	Dynamic Holding	Beneficial owner Interest held jointly with other persons	25,733,301	9.07%
Lee Ying-Kuei (李英魁)	Executive Director	Dynamic Holding	Beneficial owner	110,570	0.04%
Liu Kuo-Ching (劉國瑾)	Non-executive Director	Dynamic Holding	Beneficial owner	724,805	0.26%

Note:

(1) As of the Latest Practicable Date, Mr. Huang directly held 11,447,807 shares in Dynamic Holding. Tsan Li Hsien (詹俐嫻), the spouse of Mr. Huang, directly held 185,736 shares in Dynamic Holding. Hung-Li Investment Co., Ltd. (宏俐投資有限公司), Chien-Hung Investment Co., Ltd. (謙宏投資有限公司) and Chi-Chin Investment Co., Ltd. (琦瑾投資有限公司), each of which was controlled by Tsan Li Hsien, directly held 9,497,735 shares, 3,555,023 shares and 1,043,000 shares in Dynamic Holding, respectively. Mr. Huang's children who were both under the age of 18 in aggregate held 4,000 shares in Dynamic Holding. By virtue of the SFO, Mr. Huang was deemed to be interested in the aggregate of 14,285,494 shares in Dynamic Holding held by Tsan Li Hsien, Hung-Li Investment Co., Ltd., Chien-Hung Investment Co., Ltd., Chi-Chin Investment Co., Ltd., and Mr. Huang's children.

(b) Interests of our substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, our Directors are not aware of any other person who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] and the options granted under the 2026 Share Option Scheme are 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 the shares or underlying shares of any member of our Group 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.

2. Directors' Service Contracts

Each of our 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 are for a term of three years and may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

For details of our Directors' emoluments during the Track Record Period, see Note 8 to the Accountants' Report in Appendix I to this document.

D. 2026 SHARE OPTION SCHEME

The following is a summary of the principal terms of the 2026 Share Option Scheme. Given no further share options will be granted under the 2026 Share Option Scheme after the [REDACTED], the terms of the 2026 Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules other than the disclosure requirement under Rule 17.02(1)(b).

We have applied to the Stock Exchange and the SFC, respectively, for (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) a certificate of exemption under section 342 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. For more details, see "Waivers and Exemption".

(a) Purpose

The purpose of the 2026 Share Option Scheme is to further establish and enhance our long-term incentive mechanism, attract and retain talented personnel, fully motivate our Directors, senior management and key technical and business personnel, effectively align the interests of our Shareholders, our Company and our core team, and encourage all parties to contribute to the long-term development of our Company.

(b) Administration

The 2026 Share Option Scheme is subject to the approval of the Shareholders' meeting, administration by our Board and supervision by the Remuneration and Appraisal Committee of our Company.

(c) Participants

The eligible participants of the 2026 Share Option Scheme include Directors, senior management and key technical (business) personnel of our Group, but excludes independent Directors, shareholders individually or collectively holding 5% or more of the shares of our Company, the actual controllers of our Company, and their respective spouses, parents, and children.

(d) Source and maximum number of options

The underlying Shares under the 2026 Share Option Scheme shall be A Shares to be issued by our Company to the selected participants. Each option granted represents the right to subscribe for one A Share during the exercise period at the exercise price. The maximum number of underlying A Shares that can be granted under the 2026 Share Option Scheme shall not exceed 3,750,000 A Shares, comprising an initial batch of 3,343,000 A Shares and a reserved batch of 407,000 A Shares.

(e) Date of grant and duration

The date on which the initial batch of options are granted shall be determined by our Board after the approval of the 2026 Share Option Scheme by our Shareholders' meeting and shall be a trading day. The grant of initial batch of options to participants, along with the relevant announcement and registration procedures, shall be completed within 60 days upon the approval of the 2026 Share Option Scheme by our Shareholders' meeting, failing which the 2026 Share Option Scheme shall be terminated and the underlying options shall lapse. The grant date and grantees of reserve batch of options shall be determined within 12 months after the approval of the 2026 Share Option Scheme by our Shareholders' meeting, failing which the reserve batch of options shall lapse.

The 2026 Share Option Scheme shall commence on the grant date of the initial batch of options and expire on the date when all Share Options granted thereunder have been exercised or cancelled, subject to a maximum term of 72 months.

(f) Conditions to the grant of options

The options under the 2026 Share Option Scheme will only be granted to selected participants if the following conditions are fulfilled:

(i) With respect to our Company, none of the following circumstances having occurred:

- an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our Company's accountants' report for the most recent fiscal year;
- an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control of the financial report for the most recent fiscal year;
- our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within 36 months after its listing;
- applicable laws and regulations prohibit the implementation of any share incentive scheme; or
- any other circumstances as determined by the CSRC; and

(ii) with respect to a grantee, none of the following circumstances having occurred:

- the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
- the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
- the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance with applicable laws and regulations within the last 12 months;
- the grantee is disqualified to serve as a director or senior management according to the PRC Company Law;
- the grantee is prohibited from participating in any share incentive plan of listed companies according to applicable laws and regulations; or
- any other circumstances as determined by the CSRC.

(g) Exercise of options

Options may be exercised by a grantee provided that (i) the conditions set out under paragraph (f) above are fulfilled at the time of exercise of options; and (ii) both the corporate-level and individual-level performance assessment targets as set out under the 2026

Share Option Scheme are achieved. The number of options granted, and the exercise prices may be adjusted upon the occurrence of certain events, including capitalization of capital reserves, subdivision and consolidation of shares, rights issue and distribution of dividends.

The options granted may be exercised, subject to the 2026 Share Option Scheme, in tranches of 25% in each of the four 12-month exercise periods that occur between the first trading date after 12 months from the date of grant and the last trading day falling within the 60 months from the date of grant, respectively. The grantees must exercise their options within the validity period of the respective options. Upon the expiry of the validity period, options granted but not exercised will cease to be exercisable and shall be canceled by our Company.

(h) Exercise price

The exercise price of the initial batch of Share Options shall be RMB96.16 per Share Option, which is not lower than the higher of: (i) the average trading price of our A Shares on the trading day immediately preceding the date of the announcement of the draft scheme; and (ii) the average trading price of our A Shares for the 60 trading days immediately preceding the date of the announcement of the draft scheme.

(i) Lock-up

If the grantee is a Director or a senior management member of our Company, subject to the applicable requirements under the relevant PRC laws and regulations, (i) during his or her term of office, the aggregate number of Shares transferred by such grantee in each calendar year shall not exceed 25% of the total number of Shares held by him or her; (ii) he or she shall not transfer any Shares held by him or her within six months after the termination of his/her employment; and (iii) any gains derived from the sale of Shares (including those held by his or her spouse, parents or children, or through accounts held in the names of other persons) within six months after their purchase, or the purchase of Shares within six months after their sale, shall belong to our Company and be recoverable by our Board.

Where the relevant provisions under the Company Law of the PRC, the Securities Law of the PRC, other applicable laws, regulations or normative documents, or the Articles of Association are amended during the term of the 2026 Share Option Scheme, the transfer of Shares by such grantees shall be subject to such amended requirements then in effect.

(j) Outstanding options

As of the Latest Practicable Date, the total number of A Shares underlying all outstanding options under, the 2026 Share Option Scheme amounted to 3,343,000, accounting for approximately [REDACTED]% of the total issued Shares upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]), of which the outstanding options representing 152,000 A Shares, 60,000 A Shares and 3,131,000 A Shares were granted to two Directors and two members of our senior management (other than Directors), two connected persons of the Company (other than Directors and members of senior management) and 413 grantees who are employees of our Group and are not Directors, members of senior management or connected persons of our Company, respectively, accounting for approximately 4.5%, 1.8% and 93.7% of the total outstanding options under the 2026 Share Option Scheme, and approximately [REDACTED]%, [REDACTED]%, and [REDACTED]% of the total issued Shares upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]). Assuming full exercise of all outstanding options granted under the 2026 Share Option Scheme, the issued and outstanding shareholding of the Shareholders immediately following completion of the [REDACTED] will be diluted by approximately [REDACTED]% (assuming the

[REDACTED] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]). The dilution effect on our earnings per Share would be approximately [REDACTED]%.

The table below sets forth the details of options granted to Directors, members of senior management or connected persons of our Company under the 2026 Share Option Scheme as of the Latest Practicable Date:

Name	Position	Address	Date of grant	Exercise period (from the date of grant)	Exercise price (RMB)	Number of A Shares underlying the outstanding Share Options	Approximate percentage of issued share capital upon completion of the [REDACTED](1)
Directors and members of senior management of our Company							
Lee Ying-Kuei (李英魁)	Executive Director	2/F, No 14, Lane 62 Section 2, Renai Road Linkou District New Taipei City Taiwan	June 8, 2026	12–60 months	96.16	60,000	[REDACTED]%
He Junlan (賀君蘭)	Executive Director	Room 616, 6/F, D4 Building No. 88, Daqi Avenue Economic & Technological Development Zone Huangshi City Hubei PRC	June 8, 2026	12–60 months	96.16	12,000	[REDACTED]%
Chiu Chui-Ming (邱垂明)	Deputy general manager and chief financial officer	8/F, No. 2, Lane 88 Yiyong Street Dayi Village Bade District Taoyuan City Taiwan	June 8, 2026	12–60 months	96.16	40,000	[REDACTED]%
Chen Jen-Chun (陳人群)	Secretary of our Board	No. 3–7, Xinxing Lane Xiuzheng Road Bixiu Village Qiaotou District Kaohsiung City Taiwan	June 8, 2026	12–60 months	96.16	40,000	[REDACTED]%
Connected persons of our Company							
Tsan Li-Jo (詹俐柔)	Project manager of Dynamic Seychelles	3/F, No. 38-1, Arouyang Lin 1 Arou Village Shenkeng District New Taipei City Taiwan	June 8, 2026	12–60 months	96.16	40,000	[REDACTED]%
Nee Jung (倪融)	Special assistant to the chairman's office of Dynamic Seychelles	No. 83, Guofu 3rd Street Lin 1 Guofu Village Hualien City Hualien County Taiwan	June 8, 2026	12–60 months	96.16	20,000	[REDACTED]%

Notes:

(1) The calculation is based on the assumption that the [REDACTED] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED].

The table below sets forth the details of outstanding options granted to other grantees (excluding Directors, members of senior management or connected persons of our Company) under the 2026 Share Option Scheme, categorized by the number of underlying shares, as of the Latest Practicable Date:

Category by number of underlying A Shares	Number of grantees	Date of grant	Exercise period (from the date of grant)	Exercise price	Number of A Shares underlying the outstanding Share Options	As an Approximate percentage of issued share capital upon completion of the [REDACTED][(1)]
				(RMB)		
1–50,000	411	June 8, 2026	12–60 months	96.16	3,011,000	[REDACTED]%
50,001–100,000	2	June 8, 2026	12–60 months	96.16	120,000	[REDACTED]%

Notes:

(1) The calculation is based on the assumption that the [REDACTED] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED].

E. 2022 EMPLOYEE INCENTIVE SCHEME

The following is a summary of the principal terms of the 2022 Employee Incentive Scheme. The terms of the 2022 Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the 2022 Employee Incentive Scheme does not involve the grant of new Shares or options over new Shares of our Company after [REDACTED]. Given the underlying Shares under the 2022 Employee Incentive Scheme had already been issued by our Company to the Employee Shareholding Platforms, there will be no dilutive effect to the issued Shares upon the vesting of the awards under the 2022 Employee Incentive Scheme.

As of the Latest Practicable Date, Beyond Expectation, Transcend Reputation, Huangshi Jingzhun Manufacturing, Huangshi Juhong and Huangshi Juying were our Company's Employee Shareholding Platforms collectively holding 8,251,702 underlying A Shares. For details of each of the Employee Shareholding Platforms, see "History, Development and Corporate Structure—Employee Shareholding Platforms and Employee Incentive Plans" in this document.

(a) Purpose

The purpose of the 2022 Employee Incentive Scheme is to recognise the contribution of our employees to the Group and motivate them to further promote the development of our Group.

(b) Eligible participants

Persons eligible to participate in the 2022 Employee Incentive Scheme are the management members and key employees who contribute value in the development of our Group.

(c) Grant of awards

As of the Latest Practicable Date, 2,873,243, 2,619,797, 780,375, 786,034 and 1,192,253 underlying A Shares held by Beyond Expectation, Transcend Reputation, Huangshi Jingzhun Manufacturing, Huangshi Juhong and Huangshi Juying were granted to 14, 16, 27, 27 and 35 selected participants, respectively. As of the Latest Practicable Date, all the underlying A Shares under the 2022 Employee Incentive Scheme had been granted to the relevant individuals.

For details of the underlying A Shares under the 2022 Employee Incentive Scheme granted to Directors, senior management members and other connected persons of our Company as of the Latest Practicable Date, see "History, Development and Corporate Structure—Employee Shareholding Platforms and Employee Incentive Plans" in this document.

(d) Lock-up and restrictions on transfer

The vesting of the underlying A Shares granted is conditional upon the expiry of the lock-up period under the 2022 Employee Incentive Scheme (the "**Lock-up Period**"). The lock-up period commences on the effective date of the 2022 Employee Incentive Scheme and ends on the later of (i) the expiry of the applicable share transfer restriction period under PRC laws, and (ii) 18 months after completion of our Company's A Shares' listing on the Shanghai Stock Exchange.

During the Lock-up Period, participants may not transfer their partnership interests or shares in the Employee Shareholding Platforms, and the Employee Shareholding Platforms may not transfer their underlying A Shares of our Company, without the prior written consent of the individual responsible for administering the relevant Employee Shareholding Platform (the "**Scheme Administrator**"). Any such disposal must comply with applicable PRC laws and relevant undertakings.

Following expiry of the Lock-up Period, the transfer restrictions will be released in four equal stages, with 25% of each participant's underlying A Shares becoming available for transfer immediately upon expiry and on each of the first, second and third anniversaries thereof. Accordingly, all underlying A Shares will become available for transfer 36 months after expiry of the Lock-up Period, subject to applicable laws, regulatory requirements and relevant undertakings. The Scheme Administrator is entitled to sell all or part of the underlying A Shares of such Employee Shareholding Platform then released as the Scheme Administrator considers appropriate pursuant to the 2022 Employee Incentive Scheme.

(e) Vesting of awards

If any of the circumstances specified in the 2022 Employee Incentive Scheme occurs during the Lock-up Period and within 36 months from the expiry date of the Lock-up Period, including, among others, a participant ceasing to be employed by our Group, engaging in misconduct that harms our Group's interests, breaching duties of loyalty, confidentiality or non-competition obligations owed to our Group, or becoming ineligible to hold the relevant interests, all of that participant's interests in the relevant Employee Shareholding Platform may be acquired by the Scheme Administrator or another then employee designated by the Scheme Administrator pursuant to the 2022 Employee Incentive Scheme.

F. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

As of the Latest Practicable Date, so far as our Directors are aware, there is no litigation or claims of material importance pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED] in, the H Shares in [REDACTED] and to be [REDACTED] pursuant to the [REDACTED].

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US$900,000 (tax inclusive) in total for acting as the sponsors for the [REDACTED].

4. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since June 30, 2026, being the end of the period reported on in the Accountants' Report in Appendix I to this document, and up to the date of this document.

5. Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Types 1 (Dealing in Securities), 2 (Dealing in Futures Contracts), 4 (Advising on Securities), 5 (Advising on Futures Contracts) and 6 (Advising on Corporate Finance) of the regulated activities under the SFO
Guolian Securities International Capital Market Co., Limited	Licensed to conduct Type 6 (Advising on Corporate Finance) of the regulated activities under the SFO
Fangda Partners	PRC legal advisor to our Company
Ernst & Young	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan	Independent industry consultant

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the [REDACTED] and the [REDACTED].

Each of the experts named above has given and has not withdrawn its respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and references to their names included in the form and context in which they are respectively included.

6. Promoter

Information of our promoters at the time of our Company's conversion into a joint stock limited company on December 7, 2022 is as follows:

Shareholder	Number of Shares held upon our conversion	Percentage shareholding
DEH	376,277,619	97.85%
Beyond Expectation	2,873,243	0.75%
Transcend Reputation	2,619,797	0.68%
Huangshi Juying	1,192,253	0.31%
Huangshi Juhong	786,034	0.21%
Huangshi Jingzhun Manufacturing	780,375	0.20%
Total	**384,529,321**	**100.00%**

For details of each of the promoters, see "History, Development and Corporate Structure—Major Shareholding Changes of our Company—Conversion into a Joint Stock Company" in this document.

Within the two years immediately preceding the date of this document, no cash, securities, or other benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [REDACTED].

7. Compliance Advisor

Our Company has appointed Somerley Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

8. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

Intending holders of the H Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of [REDACTED] for, purchasing, holding or disposing of or [REDACTED] in the H Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the [REDACTED] will accept responsibility for any tax effect on, or liabilities of, holders of H Shares resulting from their [REDACTED] for, purchase, holding or disposal of or [REDACTED] in the H Shares or exercise of any rights attaching to them.

9. Preliminary Expenses

We have not incurred any material preliminary expenses.

10. Binding Effect

This document shall have the effect, where an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Miscellaneous

(a) Save as disclosed in this document and to the knowledge of our Company, within the two years immediately preceding the date of this document:

(i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in "—F. Other Information—5. Qualification and Consent of Experts" in this section have received any such payment or benefit;

(ii) no capital of any member of our Group has been issued or is proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;

(iii) none of our Directors or the experts named in "—F. Other Information—5. Qualification and Consent of Experts" in this section have any interest, direct or indirect, in the promotion of, or in any assets which have been acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(iv) no commissions (but not including commissions to [REDACTED]) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.

(b) Save as disclosed in this document:

(i) there is no arrangement under which future dividends are waived or agreed to be waived;

(ii) our Company has no outstanding convertible debt securities or debentures;

(iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;

(iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;

(v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document;

(vi) so far as is known to our Directors, none of our Directors or their close 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; and

(vii) none of our Directors 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.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to in "Statutory and General Information—F. Other Information—5. Qualification and Consent of Experts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.dynamicpcb.com** for a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024, and 2025 and the six months ended June 30, 2026;

(c) the Accountants' Report from Ernst & Young on the historical financial information of our Group for the years ended December 31, 2023, 2024, and 2025, and the six months ended June 30, 2026, the text of which is set out in Appendix I to this document;

(d) the report on the unaudited [REDACTED] financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the legal opinion issued by Fangda Partners, our PRC Legal Advisor, in respect of certain aspects and the property interests of our Group in the PRC;

(f) the industry report issued by Frost & Sullivan, the summary of which is set forth in "Industry Overview" in this document;

(g) each of the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix VI to this document;

(h) the service contracts and letters of appointment referred to in "Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—2. Directors' Service Contracts" in Appendix VI to this document;

(i) the written consents referred to in "Statutory and General Information—F. Other Information—5. Qualification and Consent of Experts" in Appendix VI to this document;

(j) the PRC Company Law, the PRC Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof; and

(k) the terms of the 2026 Share Option Scheme.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the 2026 Share Option Scheme will be made available for public inspection at our Company's Hong Kong legal advisor's office in Hong Kong at 22/F, Bank of China Tower, 1 Garden Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.