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Application Proof of

YUDO HOLDINGS CO., LIMITED
柳道實業控股有限公司

(Incorporated in Hong Kong with limited liability)

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柳道實業控股有限公司

(Incorporated in Hong Kong with limited liability)

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

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SUMMARY

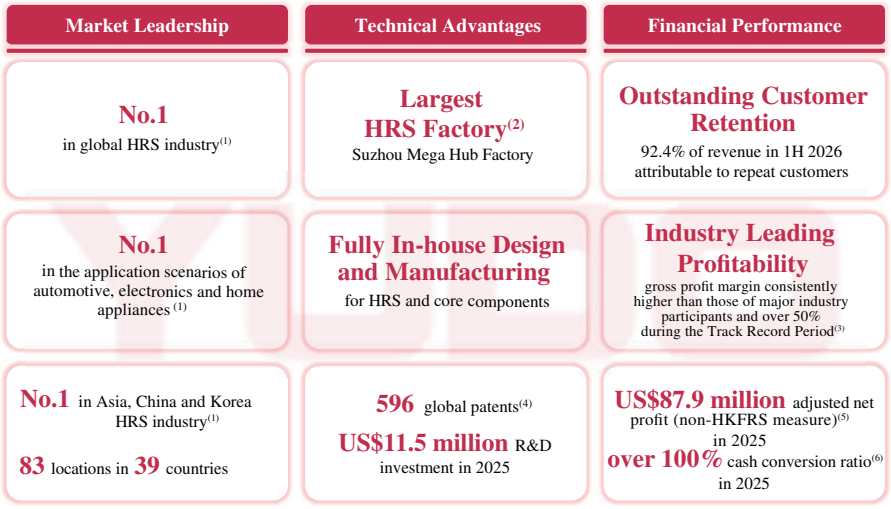
This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the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

OVERVIEW

We are a global precision thermal management technology company and the world's largest provider of HRS, in terms of revenue, accounting for approximately 12.5% of the global HRS market in 2025, according to F&S. We design, engineer and manufacture differentiated thermal control products and solutions that govern the heating, cooling and flow of materials in precision manufacturing processes, across an expanding range of applications and evolving end markets. Consistent with our vision, we are dedicated to enabling manufacturers worldwide to improve product quality, enhance production efficiency and reduce material waste through our thermal control technologies.

What We Offer

We provide integrated thermal control solutions. Our offering spans pre-sales computer-aided engineering analysis and design consulting, temperature controllers and smart devices such as our YU Data real-time monitoring system, mold sensors and smart junction boxes that connect our systems to our customers' production management systems, and comprehensive after-sales services, including real-time monitoring, technical support and the replacement of spare parts. Through the integration of products, enabling technologies, production data and services, we are advancing from a product supplier into a technology-driven solution provider.



Notes:

(1) In terms of revenue in 2025, according to F&S;

(2) In terms of GFA as of December 31, 2025, according to F&S;

(3) According to F&S;

(4) As of June 30, 2026; and

(5) Adjusted net profit for the period is calculated by adding the fair value change of convertible preference shares and convertible preference share dividends, which were non-recurring and non-operating in nature, to our profit/(loss) for the period.

(6) The cash conversion ratio is calculated as net cash generated from operating activities divided by adjusted net profit (non-HKFRS measure).

Our HRS and associated enabling technologies are tailored to diverse needs of plastic injection molding manufacturers across our four core downstream sectors: automotive, electronics and home appliances, packaging and others. Our multi-brand portfolio spans premium to value tiers, allowing us to serve customers across different pricing segments. We are the only market player able to provide the full spectrum of HRS with every key component produced in-house according to F&S. During the Track Record Period, we mainly generated revenue from sales of HRS sets, supplemented by sales of HRS parts, including temperature controllers, smart devices and other injection molding-related products.

Our Leadership and Capabilities

Our capabilities are built on nearly four decades of experience in addressing thermal control challenges in precision manufacturing and are centered on three technology pillars: precision thermal control, high-fidelity flow control and material-responsive process intelligence. These pillars have been developed in-house and have supported our leadership in HRS, where we ranked first globally by revenue in 2025 according to F&S. These pillars are supported by our five core technologies: precision thermal control is supported by our direct tip heater system and slim-eco heater; high-fidelity flow control is enabled by our diffusion bonding technology and 3D metal printing capabilities; and material-responsive process intelligence is supported by our PVC-dedicated HRS (T-System).

Our core technologies were initially commercialized through our HRS products and solutions. Our solutions are primarily used in the automotive, electronics and home appliances, packaging and other industries, where the performance requirements of precision thermal control have supported our market leadership. According to F&S, in terms of revenue in 2025, we ranked first in the global HRS market with a market share of approximately 12.5%, first in Asia, the largest and fastest-growing regional market, with a market share of approximately 21.5%, and first in both China and Korea. By application segment, we ranked first globally in both the automotive and electronics and home appliances segments by revenue in 2025. Our established position in the HRS market has provided a foundation for expanding the application of our precision thermal control technologies into adjacent plastic molding applications, including ultra-precision runnerless molding for contact lenses, in-mold polyurethane coating and supercritical-fluid foam molding for footwear midsoles and multi-material co-injection for automotive interior and food packaging applications.

Our precision thermal control technologies are also applicable to materials and processes beyond plastic injection molding. Leveraging the same three technology pillars proven through our leadership in HRS, we are developing heater blocks and solutions for magnesium and aluminum die casting, which are both undergoing internal testing. Across these verticals, we generally commence with the supply of components, progress to the supply of integrated systems and, where customer requirements support it, further supply turnkey production lines. This progression enables us to participate in a broader portion of our customers' manufacturing processes and increases the scope of products and services we provide.

Market Opportunity in Precision Thermal Management

Precision thermal management encompasses the control of heating, cooling and material flow to improve product quality, manufacturing efficiency, material utilization and process stability. Compared with coarse thermal management, precision thermal control maintains the melt within a narrow temperature band throughout the flow path, which reduces defects, shortens cycle times and allows the use of temperature-sensitive materials. Compared with cold runner systems, in which the runner solidifies and is scrapped in each cycle, HRS keep the resin molten from the machine nozzle to the gate, eliminating runner waste and enabling faster and more consistent production. According to F&S, thermal performance is becoming increasingly important across modern manufacturing processes as manufacturers pursue higher precision, improved productivity and reduced waste. Following such trend, the market size of the global precision thermal management solution industry increased from US$293.3 billion in 2020 to US$314.1 billion in 2025, representing a CAGR of 1.4%, and is expected to reach approximately US$405.1 billion by 2030, representing a CAGR of 5.2% from 2025 to 2030. Plastic injection molding represents one of the most demanding applications of precision thermal management, where the performance of HRS directly affects part quality, cycle efficiency and overall production economics. We believe our technological capabilities developed through HRS provide us with a foundation to capture opportunities in a broader range of precision-manufacturing applications.

According to F&S, demand for precision, sustainability and process integration is accelerating across various industrial sectors, including the end markets we currently serve, such as automotive, electronics and home appliances and packaging, as well as other precision manufacturing applications. According to F&S, as these trends develop, precise control of heating, cooling and material flow is becoming increasingly important across a broader range of industrial processes, including semiconductor fabrication, optical-grade molding and footwear production. According to the same source, the growth of the global HRS market is driven by, among other things:

- the expanding application of HRS across high-demand sectors, where increasingly complex product designs, tighter tolerances and higher performance expectations demand advanced molding solutions;

- manufacturers' pursuit of production efficiency, cost reduction and product quality, as HRS minimize material waste, shorten cycle times and ensure uniform part quality through precise temperature control;

- mounting regulatory pressures and corporate sustainability commitments, which are accelerating the shift toward environmentally responsible manufacturing and the increasing use of recycled, bio-based and other advanced resins that require HRS capable of processing them reliably; and

- the shift toward smarter HRS equipped with advanced sensors, closed-loop controls and real-time monitoring, increasingly integrated with digital manufacturing platforms.

Each of these trends creates growing demand for the precision thermal control capabilities that we have spent nearly four decades building, both within plastic injection molding and in the adjacent application verticals into which we are expanding.

Our Customers and Global Presence

Our customers primarily comprise independent mold makers, which integrate our HRS into complete mold assemblies for delivery to manufacturers of end products. In addition, we work directly with end product manufacturers, which frequently dictate the selection of the HRS supplier to their mold makers and with which we engage from the early stages of product design. In either case, we engage with the customers at the design and consultation stage to define the specifications of the HRS. Our HRS have been used in the production of end products manufactured by leading automotive manufacturers in China and Korea and leading electronics and home appliance manufacturers in Asia. We have maintained stable business relationships with a number of our customers for over 20 years. In the six months ended June 30, 2026, 92.4% of our revenue was attributable to repeat customers.

We have established an extensive global presence, having sold our products and solutions to customers in 86 countries and regions as of June 30, 2026. Our global reach is supported by a sales and customer service network of 83 locations across 39 countries and regions which is the largest sales and customer service network in the global HRS market by number of locations according to F&S. In the six months ended June 30, 2026, 56.1%, 16.7% and 7.8% of our total revenue was generated from Greater China, Korea and Europe, respectively. As of the Latest Practicable Date, we operated 13 production facilities in nine countries, including our Suzhou Mega Hub Factory, which, according to F&S, is the largest HRS dedicated production facility in the world by GFA.

Financial Performance

Our revenue amounted to US$367.3 million, US$373.0 million, US$380.8 million, US$187.9 million and US$181.6 million, respectively, in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026. Over the same periods, we maintained a stable profit margin profile, with gross profit margins of 54.1%, 54.4%, 54.4%, 54.0% and 55.3%, respectively, and adjusted net profit (non-HKFRS measure) of US$74.2 million, US$78.3 million, US$87.9 million, US$45.6 million and US$39.6 million, respectively. According to F&S, our gross profit margin is consistently higher than those of major industry participants in the global precision thermal management solution industry throughout the Track Record Period.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors: (i) our proprietary core technologies underpin product leadership across molding applications; (ii) we are the global No.1 HRS provider, with a diversified customer base and long-standing customer relationships; (iii) our fully integrated, highly automated in-house manufacturing supports quality, cost efficiency and speed; and (iv) we are led by a visionary, hands-on management team with a proven track record of execution.

OUR STRATEGIES

Our growth strategies include: (i) consolidate our leadership in HRS and deepen our penetration in existing end markets; (ii) extend our precision thermal control platform into new application verticals and adjacent markets; (iii) deepen customer relationships through early engagement and lifecycle support; (iv) continue to invest in R&D to advance our core technologies and AI-enabled design; (v) expand and optimize our global manufacturing footprint to support growth in our core HRS business and selected adjacent application verticals; and (vi) selectively pursue strategic acquisitions and partnerships to complement our organic growth.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, the majority of our customers were mold makers and we also from time to time sold our HRS directly to manufacturers of end products or parts. We established strong relationships with a large base of prominent manufacturers of end products or parts and assist them in their product development, design changes and innovation from the early stages. We served over 10,000 customers across a diverse range of industries, including automotive, electronics and home appliances, packaging and others, and from diverse geographic regions, including all major countries around the world as of the Latest Practicable Date.

The revenue attributable to our five largest customers for each period during the Track Record Period was US$24.1 million, US$22.4 million, US$25.1 million and US$12.7 million, respectively, accounting for 6.6%, 6.0%, 6.6% and 7.0% of our total revenue, respectively. The revenue attributable to our largest customer for each period during the Track Record Period was US$11.3 million, US$10.6 million, US$10.6 million and US$3.8 million, respectively, accounting for 3.1%, 2.8%, 2.8% and 2.1% of our total revenue, respectively.

During the Track Record Period, we procured raw materials, components and other supplies required for the manufacture of our HRS products and related components. Our principal raw materials include steel and copper, which are mainly used in the production of manifolds, nozzles, tips, cylinders and other key components. We also procure certain components and parts used in our HRS products, while we manufacture our key components, including nozzles, manifolds, heaters, temperature controllers and, since 2026, cylinders, in-house.

The purchases attributable to our five largest suppliers for each period during the Track Record Period were US$44.5 million, US$42.8 million, US$46.9 million and US$22.7 million, respectively, accounting for 27.4%, 25.8%, 28.6% and 30.1% of our total purchases, respectively. The purchases attributable to our largest supplier for each period during the Track Record Period were US$11.8 million, US$15.5 million, US$21.0 million and US$14.3 million, respectively, accounting for 7.3%, 9.3%, 12.8% and 19.0% of our total purchases, respectively.

See "Business — Sales, Marketing and Customers — Our Customers" and "Business — Our Suppliers and Procurement."

COMPETITIVE LANDSCAPE

We operate in the global HRS market. According to F&S, the market size of the global HRS industry in terms of revenue increased from US$2,804.7 million in 2020 to US$3,014.1 million in 2025, representing a CAGR of 1.5%, and is expected to reach approximately US$4,039.7 million by 2030, representing a CAGR of 6.0% from 2025 to 2030, primarily driven by the continued substitution of CRSs by HRS across the automotive, packaging, electronics and home appliances and medical applications.

The global HRS market is relatively concentrated and consists of a small number of large, leading companies, which typically have a long track record of operations and continuously invest in technology, manufacturing and talent development, alongside numerous small-scaled companies that serve a few regions and typically focus on one specific application scenario. In 2025, the aggregate market share of the top five HRS companies in the world reached 37.7% in terms of revenue, according to F&S.

We believe that our ability to compete depends on, among other things, our technology and R&D capabilities, product quality and customization capabilities, our global manufacturing and service footprint, our long-standing relationships with customers and the scale of our installed base.

SUMMARY OF HISTORICAL FINANCIAL POSITION

The following tables present our summary historical financial information for the periods or as of the dates indicated. The summary historical financial data set forth below is derived from and should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountant's Report in Appendix I to this document, including the accompanying notes, and the information set forth in "Financial Information." Our historical financial information was prepared in accordance with HKFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
			(US$'000)	*(unaudited)*	*(unaudited)*
Revenue	**367,263**	**373,008**	**380,816**	**187,909**	**181,564**
Cost of sales	(168,674)	(169,917)	(173,664)	(86,419)	(81,139)
Gross profit	198,589	203,091	207,152	101,490	100,425
Other income and gains, net	7,563	2,269	7,015	5,928	3,274
Selling and administrative expenses	(93,989)	(89,264)	(91,803)	(43,142)	(44,247)
Research and development expenses	(11,051)	(10,387)	(11,532)	(5,462)	(5,683)
Net provision for credit loss allowances of trade and other receivables	(3,777)	(1,054)	(1,705)	(670)	(679)
Operating profit	**97,335**	**104,655**	**109,127**	**58,144**	**53,090**
Finance costs, net	(18,572)	(23,457)	(100,062)	(3,130)	(8,249)
Fair value gain/(loss) of convertible preference shares	27,450	(8,831)	(44,446)	(5,883)	–
Profit/(loss) before income tax	**106,213**	**72,367**	**(35,381)**	**49,131**	**44,841**
Income tax expense	(24,036)	(27,750)	(22,330)	(13,023)	(11,483)
Profit/(loss) for the year/period	**82,177**	**44,617**	**(57,711)**	**36,108**	**33,358**

During the Track Record Period, we generated our revenue primarily from the sales of our (i) HRS sets; (ii) HRS parts, such as temperature controllers and replacement component parts; and (iii) others relating to injection molding, such as mold bases.

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

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(US$'000, except for percentages)									
							(unaudited)		*(unaudited)*	
HRS sets	308,109	83.9	313,460	84.0	321,886	84.5	159,871	85.1	153,213	84.4
HRS parts	54,239	14.8	55,096	14.8	54,657	14.4	26,029	13.9	26,244	14.5
Others	4,915	1.3	4,452	1.2	4,273	1.1	2,009	1.0	2,107	1.1
Total	**367,263**	**100.0**	**373,008**	**100.0**	**380,816**	**100.0**	**187,909**	**100.0**	**181,564**	**100.0**

Our product portfolio covers key industries such as (i) automotive; (ii) electronics and home appliance; and (iii) packaging. The following table sets forth a breakdown of our revenue from HRS sets by the industry of our customers for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(US$'000, except for percentages)									
							(unaudited)		*(unaudited)*	
Automotive	164,374	53.3	164,571	52.5	171,897	53.4	87,886	55.0	88,045	57.5
Electronics and home appliance	78,530	25.5	78,969	25.2	74,842	23.3	36,918	23.1	29,025	18.9
Packaging	30,119	9.8	32,622	10.4	31,454	9.8	14,463	9.0	16,103	10.5
Others[(1)]	35,086	11.4	37,298	11.9	43,693	13.5	20,604	12.9	20,040	13.1
Total	**308,109**	**100.0**	**313,460**	**100.0**	**321,886**	**100.0**	**159,871**	**100.0**	**153,213**	**100.0**

Note:

(1) Primarily included industrial and others.

The following table sets forth a breakdown of our revenue by the location of our customers for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(US$'000, except for percentages)									
							(unaudited)		*(unaudited)*	
Greater China	175,826	47.9	187,805	50.3	205,817	54.0	103,546	55.1	101,863	56.1
Korea	80,730	22.0	75,918	20.4	64,811	17.0	29,687	15.8	30,324	16.7
Rest of Asia[(1)]	39,294	10.7	39,486	10.6	42,011	11.0	20,493	10.9	19,599	10.8
Europe	35,985	9.8	33,010	8.8	31,788	8.3	16,121	8.6	14,252	7.8
Japan	12,414	3.4	15,280	4.1	13,268	3.5	6,981	3.7	5,800	3.2
Other markets[(2)]	23,014	6.2	21,509	5.8	23,121	6.2	11,081	5.9	9,726	5.4
Total	**367,263**	**100.0**	**373,008**	**100.0**	**380,816**	**100.0**	**187,909**	**100.0**	**181,564**	**100.0**

Notes:

(1) Excluded Korea and Japan.

(2) Primarily included North America and South America.

Our gross profit increased by 2.3% from US$198.6 million in 2023 to US$203.1 million in 2024, and further increased by 2.0% to US$207.2 million in 2025, primarily due to the steady growth of our business operations while maintaining effective cost control. Our gross profit remained relatively stable between the six months ended June 30, 2025 and June 30, 2026 at US$101.5 million and US$100.4 million, respectively.

Our gross profit margin remained relatively stable in 2023, 2024 and 2025 at 54.1%, 54.4% and 54.4%, respectively. Our gross profit margin increased from 54.0% in the six months ended June 30, 2025 to 55.3% in the six months ended June 30, 2026, primarily due to the improved operation efficiency at our factories, which helped maintain consistent cost structures despite the gradual decrease in average selling price of our HRS sets throughout the Track Record Period.

See "Financial Information — Period to Period Comparison of Results of Operations."

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the HKFRS Accounting Standards, we also use adjusted profit for the year/period as an additional financial measure, which is not required by, or presented in accordance with, the HKFRS Accounting Standards. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management does not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted profit for the year/period may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under the HKFRS Accounting Standards.

We define adjusted net profit for the year/period (non-HKFRS measure) as profit/(loss) for the year/period adjusted for the fair value change of convertible preference shares, convertible preference share dividends and unwinding interest on redemption liabilities, which were non-recurring and non-operating in nature. See "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes of Our Company." The following table reconciles this non-HKFRS measure to profit/(loss) for the year/period which is presented in accordance with the HKFRS Accounting Standards.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
			(US$'000)	*(unaudited)*	*(unaudited)*
Profit/(loss) for the year/period	**82,177**	**44,617**	**(57,711)**	**36,108**	**33,358**
Non-HKFRS adjustments:					
Fair value change of convertible preference shares	(27,450)	8,831	44,446	5,883	–
Convertible preference share dividends	19,500	24,887	101,131	3,600	–
Unwinding interest on redemption liabilities	–	–	–	–	6,233
Adjusted profit for the year/period	**74,227**	**78,335**	**87,866**	**45,591**	**39,591**

Summary of Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2023	2024	2025	2026
		(US$'000)		*(unaudited)*
Current assets	304,997	298,457	386,312	320,214
Current liabilities	309,532	330,761	478,881	255,221
Net current (liabilities)/assets	**(4,535)**	**(32,304)**	**(92,569)**	**64,993**
Non-current assets	131,021	128,534	139,996	143,703
Non-current liabilities	32,904	33,563	31,213	155,434
Net non-current assets/(liabilities)	**98,117**	**94,971**	**108,783**	**(11,731)**

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

Liquidity and Capital Resources

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
			(US$'000)	*(unaudited)*	*(unaudited)*
Net cash generated from operating activities	**93,067**	**91,122**	**93,450**	**43,435**	**38,571**
Net cash used in investing activities	**(20,172)**	**(18,571)**	**(16,002)**	**(2,877)**	**(4,337)**
Net cash (used in)/generated from financing activities	**(73,485)**	**(84,618)**	**1,681**	**(14,846)**	**(112,678)**
Net (decrease) / increase in cash and cash equivalents	(590)	(12,067)	79,129	25,712	(78,444)
Cash and cash equivalents at beginning of the year/period	82,260	80,726	65,589	65,589	147,085
Effects of exchange differences on cash and cash equivalents	(944)	(3,070)	2,367	4,602	1,211
Cash and cash equivalents at end of the year/period	**80,726**	**65,589**	**147,085**	**95,903**	**69,852**

See "Financial Information — Liquidity and Capital Resources — Cash Flows Analysis."

Key Financial Ratios

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

	For the year ended/as of December 31,			For the six months ended/as of June 30,
	2023	2024	2025	2026
				(unaudited)
Gross profit margin[(1)] *(%)*	54.1	54.4	54.4	55.3
Adjusted return on assets[(2)(6)] *(%)*	17.0	18.3	16.7	N/A
Adjusted return on equity[(3)(6)(7)] *(%)*	23.9	27.0	30.5	N/A
Current ratio[(4)] *(times)*	1.0	0.9	0.8	1.3
Quick ratio[(5)] *(times)*	0.9	0.8	0.7	1.1

Notes:

(1) Gross profit margin is calculated by dividing our gross profit in a given period by our revenue in the same period and multiplied by 100%.

(2) Adjusted return on assets is calculated based on our adjusted net profit in a given period divided by the ending balance of our total assets in the same period and multiplied by 100%. Adjusted return on assets for the six months ended June 30, 2026 is not included as we believe that it would not be meaningful to compare the ratio in the six months ended June 30, 2026 with the ratio calculated in full financial years ended December 31, 2023, 2024 and 2025.

(3) Adjusted return on equity is calculated based on our adjusted net profit in a given period divided by the ending balance of our adjusted total equity in the same period and multiplied by 100%. Adjusted return on equity for the six months ended June 30, 2026 is not included as we believe that it would not be meaningful to compare the ratio in the six months ended June 30, 2026 with the ratio calculated in full financial years ended December 31, 2023, 2024 and 2025.

(4) Current ratio is calculated by dividing our total current assets by our total current liabilities.

(5) Quick ratio is calculated by dividing our total current assets (excluding inventories) by our total current liabilities.

(6) Adjusted net profit for the period is calculated by adding the fair value change of convertible preference shares and convertible preference share dividends, which were non-recurring and non-operating in nature, to our profit/(loss) for the period.

(7) Adjusted total equity is calculated by adding convertible preference shares, which was non-recurring and non-operating in nature, to total equity.

[REDACTED]

We estimate that the net **[REDACTED]** of the **[REDACTED]**, after deducting the estimated **[REDACTED]** commissions and other fees and expenses payable by us in connection with the **[REDACTED]**, will be approximately HK$**[REDACTED]**, at the **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** and assuming 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: (i) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to expand the production capacity at our Suzhou and Dongguan facilities; (ii) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to repay 30% of the remaining balance of an outstanding bank loan, which we obtained from a major commercial bank in September 2026 primarily to fund the consideration of the Buy-back Arrangement and repay the outstanding principal amount under an existing shareholder loan; (iii) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to extend our precision thermal control platform into five high-growth application verticals where precise thermal control is a critical determinant of product quality and production economics, or is required by emerging production processes; (iv) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to further consolidate our leadership in HRS and deepen our penetration across our core end markets, including automotive, electronics and home appliances as well as packaging; (v) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for our continuous investment in R&D to advance our core technologies and AI-enabled design; and (vi) **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes.

See "Future Plans and **[REDACTED]**" for a detailed discussion of our future plans.

DIVIDENDS

In 2023, 2024 and 2025 and the six months ended June 30, 2026, we declared (i) dividends of US$45.5 million, US$58.1 million, US$25.9 million and nil to our ordinary shareholders; (ii) dividend to non-controlling interests of US$2.8 million, US$2.3 million, US$2.9 million and US$0.7 million; and (iii) dividend to convertible preference shares holder of US$19.5 million, US$24.9 million, US$101.1 million and nil, respectively. Our Group currently does not have a pre-determined dividend payout ratio. We may declare and pay dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as we may deem relevant. We may distribute dividends by way of cash or stock. Any declaration and payment as well as the amount of dividends will be subject to the Companies Ordinance and our Articles of Association. Any proposed distribution of dividends shall be determined by our Board and must be approved by our Shareholders at a general meeting. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders' meeting.

SUMMARY OF MAJOR RISK FACTORS

Our business and the **[REDACTED]** involve certain risks as set out in "Risk Factors." You should read that section in its entirety carefully before you decide to **[REDACTED]** in our Shares. Some of the major risks we face include: (i) demand for our products is affected by our customers' industries and capital expenditures, which may be unpredictable and could have an adverse impact on our financial condition; (ii) any slowdown in the growth of regional or global economy could affect our business, results of operations and financial condition; (iii) changes in the economic, political and social conditions as well as government policies could adversely affect our business and prospects; (iv) our customers in certain end industries have significant pricing leverage over suppliers and may be able to achieve price reductions over time and we may not be able to offset the price reduction. Additionally, we may not be successful in our efforts to negotiate favorable terms with our customers; (v) we operate in a competitive industry. If we fail to maintain or improve our market position or respond successfully to changes in the competitive landscape, it could have a material adverse effect on our business, financial condition and results of operations; (vi) we cannot guarantee that our new business initiatives will be successfully implemented or generate sustainable revenue or profit; (vii) volatility in the prices of raw materials and other purchased components for our products or disruption in our supply chain could have a material adverse effect on our results of operations and financial condition; (viii) increases in labor costs or the enforcement of stricter labor laws and regulations, potential labor disputes and work stoppages or an inability to hire skilled research and development, manufacturing, sales and other personnel could adversely affect our business; (ix) our operating history may not be a reliable predictor of our prospects and future results of operations, and we may not be able to manage the growth of our business and operations and grow at a rate comparable to our growth rate in the past; and (x) we are subject to credit risks related to our trade and bills receivables.

OUR CONTROLLING SHAREHOLDERS

As at the date of this document, our Company was owned as to approximately 78.7% by Abiman HK, of which 99% was owned by Abiman Singapore, and 1% was owned by Mr. Lee Sang Yeol Tommy. Abiman Singapore was in turn held by Mr. Yu Young Hee, Mr. Yu Sung Jin, Mr. Yu Dong Jin and Ms. Choi Young Hee as to 51.0%, 20.0%, 20.0% and 9.0%, respectively. Mr. Yu Young Hee and Ms. Choi Young Hee are spouses and parents of Mr. Yu Sung Jin and Mr. Yu Dong Jin. Best Profit was owned as to 80% by Abiman HK. Accordingly, Abiman HK, Abiman Singapore, Best Profit, Mr. Yu Young Hee, Mr. Yu Sung Jin, Mr. Yu Dong Jin and Ms. Choi Young Hee are regarded as a group of Controlling Shareholders.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), our Controlling Shareholders will hold in aggregate approximately **[REDACTED]**% of the issued share capital of our Company. For further details of our Controlling Shareholders and their shareholding in our Company, please refer to the section headed "Substantial Shareholders" in this document.

Our Group has also entered into certain agreements in relation to the procurement and supply of services and goods with Abiman and its associate which will constitute continuing connected transactions upon **[REDACTED]**. Notwithstanding such, our Directors are of the view that the business of our Group and the Abiman Group are clearly delineated given that Abiman Group is principally engaged in investment holding, manufacture of high-cavity injection molds and production of auxiliary equipment, while our Group primarily offers HRS and associated enabling technologies. For details, see "Connected Transactions".

PRE-[REDACTED] INVESTMENTS

Since the commencement of our business, our Company has undertaken one Pre-**[REDACTED]** Investment activity, namely, the share subscription and entry of Match Jersey in 2018. See "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes of Our Company — Share Subscription and Entry of Match Jersey in 2018."

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]
Market capitalization[(1)]	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible asset per Share[(2)]	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of market capitalization is based on **[REDACTED]** Shares expected to be issued immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

(2) See "Appendix IIA — Unaudited **[REDACTED]** Financial Information — A. Unaudited **[REDACTED]** Statement of Adjusted Consolidated Net Tangible Assets".

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** commissions and other fees incurred in connection with the **[REDACTED]**. We expect to incur **[REDACTED]** of approximately HK$**[REDACTED]**, representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (based on the mid-point of the indicative **[REDACTED]** and assuming the **[REDACTED]** is not exercised). The **[REDACTED]** we incurred in the Track Record Period and expect to incur would consist of approximately HK$**[REDACTED]** **[REDACTED]**-related fees and approximately HK$**[REDACTED]** non-**[REDACTED]**-related fees (including fees and expenses of legal advisors and the reporting accountant of approximately HK$**[REDACTED]** and other fees and expenses of approximately HK$**[REDACTED]**). Among the total **[REDACTED]** which we expect to incur, approximately HK$**[REDACTED]** will be directly attributable to the **[REDACTED]** of our Shares and deducted from equity upon **[REDACTED]** and the remaining HK$**[REDACTED]** will be expensed. Our Directors do not expect such expenses to materially impact our results of operations in 2026.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

On September 2, 2026, our Company entered into a facility agreement with a major commercial bank for a term loan facility in the principal amount of RMB1,380 million, which was drawn down in September 2026 to finance the Second Buy-Back and to repay US$40 million of the shareholder loans that financed the First Buy-Back. We are required to prepay 30% of the outstanding principal amount of the term loan from such major commercial bank within one month after the **[REDACTED]**, which we intend to fund with part of the **[REDACTED]** from the **[REDACTED]**. See "Financial Information — Indebtedness" and "Future Plans and **[REDACTED]**."

On September 21, 2026, we completed the Second Buy-Back, pursuant to which we bought back and cancelled the remaining 737,143 Shares held by Match Jersey at a consideration of US$160 million, upon which Match Jersey ceased to be a Shareholder of our Company. See "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes of Our Company — Share Buy-Back and Exit of Match Jersey in 2026."

On September 23, 2026, the shareholders capitalized their loan to the Company in the aggregate amount of US$80 million as paid-up share capital of our Company in proportion to their respective shareholdings, and no new Shares were issued in connection therewith. See "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes of Our Company — Capital Increase in 2026" and Note 36 to the Accountant's Report set out in Appendix I to this document.

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since June 30, 2026, which is the end date of the periods reported on in the Accountant's Report as set out in Appendix I to this document, and there is no event since June 30, 2026 which would materially affect the information in the Accountant's Report as set out in Appendix I to this document.

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

"Abiman Group"	Abiman Singapore and its subsidiaries from time to time (excluding our Group), which are controlled by the Yu's Family
"Abiman HK"	Abiman Investment Co., Limited, a company incorporated in Hong Kong with limited liability on October 29, 2003, being a Controlling Shareholder of our Company
"Abiman Singapore"	Abiman Investment Singapore Pte. Ltd., a company incorporated in Singapore with limited liability on February 14, 2020, being a Controlling Shareholder of our Company
"Accountant's Report"	the accountant's report of our Group for the Track Record Period as set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company, conditionally adopted by our Shareholders on [•] with effect upon the **[REDACTED]** (as amended from time to time), a summary of which is set out in Appendix III to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Best Profit"	Best Profit Asia Group Limited, a company incorporated in Hong Kong with limited liability on September 2, 2008, being a Controlling Shareholder of our Company
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"CAGR"	compound annual growth rate

[REDACTED]

[REDACTED]

"China" or "the PRC"	the People's Republic of China, which for the purpose of this document excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	YUDO HOLDINGS CO., LIMITED (柳道實業控股有限公司), a private company with limited liability incorporated in Hong Kong on March 20, 2002
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Abiman HK, Abiman Singapore, Best Profit, Mr. Yu Young Hee, Mr. Yu Sung Jin, Mr. Yu Dong Jin and Ms. Choi Young Hee
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of our Company
"ESG"	environmental, social and governance
"EUR" or "Euro"	the Euro, which is the official currency of the Eurozone
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government 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 before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[REDACTED]
"Frost & Sullivan" or "F&S"	Frost & Sullivan Limited, an independent global market research and consulting company
	[REDACTED]

[REDACTED]

"Greater China"	for the purpose of this document, Chinese Mainland, Hong Kong, Macau and Taiwan region
"Group," "our Group," "we," "us" or "our"	our Company and its subsidiaries from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities or the predecessors of the present subsidiaries (as the case may be) which carried on the business of the present Group at the relevant time
"Guide" or "Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Guangdong Yudo"	Guangdong Yudo Hot Runner System Co., Ltd* (廣東柳道熱流道系統有限公司), a company incorporated in the PRC with limited liability on June 28, 2012, being a wholly owned subsidiary of our Company
"HK$," "Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS Accounting Standards"	HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
	[REDACTED]
	[REDACTED]
	[REDACTED]
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
	[REDACTED]
	[REDACTED]
"Independent Third Party(ies)"	a person or persons, or entity or entities, who/which, as far as our Directors are aware having made all reasonable enquiries, is/are not connected person(s) (within the meaning of the Listing Rules) of our Company
	[REDACTED]
	[REDACTED]
"International Sanctions"	all applicable laws and regulations related to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the Relevant Jurisdictions
"International Sanctions Legal Advisor"	Akin Gump Strauss Hauer & Feld LLP, our legal advisors as to U.S. export controls and international sanctions

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"Joint Sponsors"	the joint sponsors of the **[REDACTED]** of the Shares on the Hong Kong Stock Exchange as named in the section headed "Directors and Parties Involved in the **[REDACTED]**" in this document
"JPY"	Japanese yen, the lawful currency of Japan
"Kiwon Superprecision"	Kiwon Superprecision Co., Ltd., a company incorporated in Korea with limited liability, which was controlled by Mr. Lee Sang Yeol Tommy until it became our wholly owned subsidiary on March 31, 2026
"Korea"	the Republic of Korea
"Korean Legal Advisor"	Kim & Chang, our legal advisors as to the laws of Korea
"KRW"	Korean won, the lawful currency of Korea
"Latest Practicable Date"	September 21, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Magnet"	Magnet Co., Ltd., a company incorporated in Korea with limited liability, which was controlled by Mr. Lee Sang Yeol Tommy until it became our wholly owned subsidiary on March 31, 2026
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

[REDACTED]

[REDACTED]

[REDACTED]

"PBOC"	the People's Bank of China (中國人民銀行)
"PRC Legal Advisor"	Haiwen & Partners, the legal advisors of our Company as to the PRC laws
"Pre-**[REDACTED]** Investment(s)"	the investments made by the Pre-**[REDACTED]** Investors, the principal terms of which are summarized in "History, Development and Corporate Structure — Pre-**[REDACTED]** Investment" in this document
"Pre-**[REDACTED]** Investor(s)"	the pre-**[REDACTED]** investors of our Company as defined in the section "History, Development and Corporate Structure — Pre-**[REDACTED]** Investment" in this document

[REDACTED]

[REDACTED]

"Primary Sanctioned Activity"	activities conducted by a person, directly or indirectly, involving a Sanctioned Country or a Sanctioned Target that would be prohibited under International Sanctions if conducted by a person within the jurisdiction of the Relevant Jurisdictions
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Relevant Jurisdictions"	the United States, the European Union, the United Nations, the United Kingdom and Australia
"Relevant Persons"	persons who might be subject to sanctions under International Sanctions as a result of the **[REDACTED]** or the **[REDACTED]**, including our Company, our Shareholders, the Stock Exchange, **[REDACTED]**, **[REDACTED]**, the Joint Sponsors, the **[REDACTED]** and other participants in the **[REDACTED]**
"R&D"	research and development
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Sanctioned Countries"	countries or territories subject to comprehensive sanctions administered by the Relevant Jurisdictions
"Sanctioned Targets"	persons or entities that are listed on any sanctions-related list of the Relevant Jurisdictions, including the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or that are sanctioned because they are owned or controlled by such persons or entities
"Sanctioned Trader"	has the meaning given in the HKEX Guide for New Listing Applicants
"Secondary Sanctionable Activity"	activities conducted by a person that are targeted by the extra-territorial provisions of International Sanctions

"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of our Company
"Shareholder(s)"	holder(s) of our Share(s)
"Share Subdivision"	the subdivision of the Company's issued Shares each into 100 Shares as approved by the Shareholders by way of a written resolution passed on [•], 2027
"SGD"	Singapore dollars, the lawful currency of Singapore

[REDACTED]

[REDACTED]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tommy & Partners"	Tommy & Partners Co., Limited, a company incorporated in Hong Kong with limited liability on February 14, 2013 which is entirely owned by Mr. Lee Sang Yeol Tommy
"Track Record Period"	the three financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026

[REDACTED]

[REDACTED]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"U.S. dollars," "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[REDACTED]

[REDACTED]

"Yudo (Suzhou)"	Yudo (Suzhou) Hot Runner Systems Co., Ltd.* (柳道萬和（蘇州）熱流道系統有限公司), a company incorporated in the PRC with limited liability on June 6, 2002, being a wholly owned subsidiary of our Company
"Yudo Korea"	Yudo Co., Ltd., a company incorporated in Korea with limited liability on December 30, 1986, being a wholly owned subsidiary of our Company
"Yu's Family"	Mr. Yu Young Hee, Mr. Yu Sung Jin, Mr. Yu Dong Jin and Ms. Choi Young Hee, being the Controlling Shareholders of our Company who collectively own the entire interest of Abiman Singapore
"%"	per cent

Unless otherwise specified, all relevant information in this document assumes no exercise of the **[REDACTED]**.

GLOSSARY OF TECHNICAL TERMS

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

"AI"	artificial intelligence, the capability of computer systems to perform tasks that normally require human intelligence, such as pattern recognition, prediction and decision-making
"AlN"	aluminum nitride, a ceramic material with high thermal conductivity and electrical insulation used in heaters for high-temperature semiconductor processes
"ashing"	a semiconductor manufacturing process in which photoresist is removed from the surface of a wafer, typically by plasma
"B2B"	business-to-business, the sale of products or services by one business to another business
"bar"	a unit of pressure equal to 100 kilopascals, used in this document to express the pressure at which diffusion-bonded components are tested
"CAE"	computer-aided engineering, the use of computer software to simulate and analyze the thermal, flow and structural behavior of a product or process before it is manufactured
"cavity"	the hollow space within a mold into which molten resin is injected to form a part; a multi-cavity mold contains a number of cavities that are filled in the same cycle to produce multiple parts at a time
"Class-A surface"	a visible exterior surface of a molded part, typically in automotive applications, that is required to be free of visible defects such as flow marks, weld lines and gate marks
"CNC"	computer numerical control, the automated control of machine tools, such as machining centers, lathes and grinders, by a computer executing pre-programmed instructions
"coarse thermal management"	thermal management that relies mainly on the operator's experience to control temperature in a manufacturing process, suitable for processes that do not require temperature to be maintained within a designed range
"co-injection"	an injection molding process in which two or more resins are injected into a mold in a single molding cycle to form a layered structure, enabling recycled or functional materials to be encapsulated within an outer layer of virgin resin
"cold runner system" or "CRS"	a runner system in which the runner solidifies together with the molded part in each molding cycle and is removed and scrapped or reground, as opposed to an HRS

GLOSSARY OF TECHNICAL TERMS

"cold slug"	a portion of resin that has cooled and partially solidified at the nozzle tip or gate and is carried into the mold cavity, causing defects on the molded part
"conformal cooling"	cooling channels that follow the contour of a mold cavity, core or gate bush, rather than the straight channels produced by conventional drilling, so as to cool the part more uniformly
"CVD"	chemical vapor deposition, a semiconductor manufacturing process in which a thin film is deposited on a wafer through chemical reactions of gaseous precursors
"cycle time"	the time required to complete one injection molding cycle, from the injection of resin into the mold to the ejection of the finished part
"cylinder"	the pneumatic or hydraulic actuator of a valve-gated HRS that drives the valve pin to open and close the gate, thereby controlling the flow of molten resin through the nozzle
"diffusion bonding"	a solid-state bonding process in which metal components are heated above their recrystallization temperature and pressed together so that they bond through the diffusion of atoms across the joint, without flux or filler material
"direct tip heater system"	our nozzle system in which a dedicated heater and temperature sensor are embedded at the nozzle tip, so that the tip is heated and controlled independently from the nozzle body
"engineering-to-order"	a business model under which each product is designed, engineered and manufactured to the specifications of the customer's order
"ERP"	enterprise resource planning, software that integrates and manages core business processes, such as order processing, procurement, production planning, inventory and finance, on a single system
"etching"	a semiconductor manufacturing process in which material is selectively removed from the surface of a wafer to form circuit patterns
"flow mark"	a wavy or streaked pattern on the surface of a molded part caused by variations in the flow of resin into the cavity
"gate"	the opening through which molten resin passes from the nozzle of an HRS into the mold cavity
"gate bush"	the mold component that guides molten resin from the nozzle into the cavity at the gate
"gate freeze-off"	the premature solidification of resin at the gate, which prevents the mold cavity from being properly filled or packed
"gate vestige"	the mark left on the surface of a molded part at the location of the gate

GLOSSARY OF TECHNICAL TERMS

"GFA"	gross floor area
"GHG"	greenhouse gas
"gun-drilling"	a deep-hole drilling process using a long, single-fluted drill with internal coolant supply, which we use to machine long, straight resin channels in manifolds and cooling channels in mold components
"heater block"	a heating component used in semiconductor manufacturing equipment to hold a wafer at a controlled and uniform temperature during processing
"hot half"	the side of the mold that contains the hot runner system, mounted on the fixed platen of the injection molding machine and connecting directly to the machine's nozzle. It houses the manifold, hot runner nozzles, heaters and associated wiring, and is kept continuously at melt temperature to deliver molten plastic to the cavities without blockage or heat loss
"HRS"	hot runner system(s), a system of heated components, principally a manifold and nozzles together with flow control components, connectors and a hot half, that keeps molten resin at a controlled temperature as it flows from the injection molding machine into the mold cavities, so that no runner solidifies and is scrapped in each cycle
"HRS parts"	temperature controllers, smart devices and replacement component parts of HRS sold by us, presented as a revenue category in this document
"HRS sets"	complete HRS sold by us, presented as a revenue category in this document
"in-mold coating"	a process in which a coating, such as polyurethane, is applied to a molded part inside the mold as part of the molding cycle, eliminating the need for a separate painting process
"injection molding"	a manufacturing process in which molten material, typically a thermoplastic resin, is injected under pressure into a mold cavity, where it cools and solidifies into the shape of the cavity
"IoT"	internet of things, the network of physical devices embedded with sensors, software and connectivity that enables them to collect and exchange data
"ISO"	the International Organization for Standardization, a worldwide federation of national standards bodies
"ISO 9001"	the quality management system standard published by the ISO
"ISO 14001"	the environmental management system standard published by the ISO
"ISO 14067"	the standard published by the ISO for quantifying the carbon footprint of products

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"ISO 45001"	the occupational health and safety management system standard published by the ISO
"ISO 50001"	the energy management system standard published by the ISO
"ISO/IEC 27001"	the information security management system standard published by the ISO and the International Electrotechnical Commission
"magnesium and aluminum die casting"	a metal casting process in which molten magnesium or aluminum is injected under pressure into a steel mold to form a part
"manifold"	the component of an HRS that receives molten resin from the injection molding machine and distributes it through internal channels to the nozzles
"MES"	manufacturing execution system, software that monitors and controls production processes on the factory floor in real time
"mold"	the tool, typically made of steel, that contains one or more cavities in the shape of the part to be produced and into which molten resin is injected
"mold base"	the standardized set of plates and components that forms the frame of an injection mold and holds the cavities, cores and HRS
"mold maker"	a manufacturer of injection molds, which integrates HRS into molds for delivery to manufacturers of end products or parts
"MWh"	megawatt hour, a unit of energy equal to 1,000 kilowatt hours
"nozzle"	the heated component of an HRS that conveys molten resin from the manifold into the mold cavity through the gate
"OEM"	original equipment manufacturer
"OOP"	order-oriented projects, our R&D projects undertaken in response to specific customer orders or project requirements
"open gating"	a gating method in which the gate of an HRS nozzle remains open and the flow of resin is controlled by the temperature at the nozzle tip
"PA66"	polyamide 66, an engineering plastic commonly known as nylon 66
"PCR"	post-consumer recycled, referring to materials recovered from products after consumer use and reprocessed for use in new products
"PCT"	the Patent Cooperation Treaty, an international treaty that provides a unified procedure for filing patent applications in its contracting states

"PEEK"	polyether ether ketone, a high-performance engineering plastic with high temperature and chemical resistance
"PET"	polyethylene terephthalate, a thermoplastic resin widely used in beverage bottles and packaging
"PID"	proportional-integral-derivative, a control method used in temperature controllers to hold a process at a set temperature by continuously correcting the deviation from the set point
"PLA"	polylactic acid, a biodegradable resin derived from renewable plant sources
"PPS"	polyphenylene sulfide, a high-performance engineering plastic with high temperature and chemical resistance
"precision thermal management"	dynamic thermal control at the precision level, involving real-time temperature monitoring and corresponding temperature adjustment throughout a manufacturing process so as to maintain temperature differences within a very narrow range
"preform"	an intermediate product molded from PET, typically in the shape of a test tube, which is subsequently blow-molded into a bottle
"purge shot"	a shot of resin passed through an HRS to flush out residual material when changing the color or type of resin
"PVC"	polyvinyl chloride, a thermoplastic resin used in pipe fittings and other products, which is corrosive to conventional hot runner components when molten
"PVD"	physical vapor deposition, a semiconductor manufacturing process in which a thin film is deposited on a wafer by vaporizing a source material under vacuum
"Ra"	arithmetic average roughness, a measure of the roughness of a surface, expressed in micrometers
"repeat customers"	customers who have purchased our products and solutions in the previous year
"resin"	a thermoplastic polymer material in pellet or granular form that is melted and injected in injection molding
"rPET"	recycled polyethylene terephthalate
"runner"	the channel through which molten resin flows from the injection molding machine to the mold cavities
"runnerless molding"	injection molding in which the resin is delivered directly into the cavities through an HRS so that no runner scrap is produced

GLOSSARY OF TECHNICAL TERMS

"Scope 1, Scope 2 and Scope 3 emissions"	categories of GHG emissions under the Greenhouse Gas Protocol: Scope 1 covers direct emissions from sources owned or controlled by a company; Scope 2 covers indirect emissions from purchased electricity, heat and steam; and Scope 3 covers other indirect emissions in a company's value chain
"sequential valve gating"	a valve gating method in which the gates of a multi-gate HRS are opened and closed in a programmed sequence to control the filling of large or complex parts and to avoid weld lines on visible surfaces
"short shot"	a molding defect in which the mold cavity is not completely filled with resin
"shot weight"	the weight of resin injected into the mold in one molding cycle
"silver streak"	a silvery streak on the surface of a molded part caused by moisture, trapped gas or degraded resin
"slim-eco heater"	a heating element formed as a thin layer of resistive material on a substrate, as opposed to a heater wound with heating wire
"smart devices"	our devices, including our YU Data real-time monitoring system, that connect our HRS and temperature controllers to our customers' production management systems through IoT sensors
"sq.m."	square meter(s)
"stringing"	a molding defect in which a thin strand of resin is drawn from the gate as the mold opens
"supercritical-fluid foam molding"	a physical foaming process in which supercritical nitrogen or carbon dioxide is injected into molten resin to produce lightweight foamed parts, such as footwear midsoles, without chemical blowing agents
"tCO2e"	tonnes of carbon dioxide equivalent, the unit used to express GHG emissions
"thermocouple"	a temperature sensor consisting of two dissimilar metal conductors joined at one end, used to measure the temperature of the heating zones of an HRS
"thin-wall molding"	the injection molding of parts with thin wall sections, which requires high injection speed and pressure and precise thermal control
"Tier 1 supplier"	a supplier that supplies components or systems directly to an OEM
"tip"	the front end of an HRS nozzle at the gate

"TMC"	T Molding Controller, our integrated IoT-based controller that monitors and remotely controls the temperature, pressure and other parameters of the injection molding process through a single interface
"TOP"	technology-oriented projects, our R&D projects focused on the development and enhancement of our core technologies and product platforms
"T-System"	our PVC-dedicated HRS, designed for the molding of PVC and other corrosive or flame-retardant resins
"utilization rate"	production volume divided by production capacity for the same period
"valve gating"	a gating method in which the gate of an HRS nozzle is opened and closed by a valve pin driven by a pneumatic, hydraulic or electric actuator, leaving little or no visible mark on the molded part
"valve pin"	the pin in a valve-gated HRS nozzle that opens and closes the gate
"VOC"	volatile organic compounds, organic chemicals that evaporate readily at room temperature, such as the solvents released in conventional painting processes
"wafer"	a thin slice of semiconductor material on which integrated circuits are fabricated
"warpage"	the distortion of a molded part from its intended shape caused by uneven shrinkage as it cools
"weld line"	a visible line on a molded part where two fronts of molten resin meet within the cavity
"wire-cutting"	wire electrical discharge machining, a process in which a thin electrically charged wire cuts a conductive material by spark erosion to produce precise shapes
"μm"	micrometer, one millionth of a meter
"°C"	degree Celsius, the unit of temperature on the Celsius scale
"3D metal printing"	an additive manufacturing process in which a metal part is built up layer by layer from metal powder, which we use to produce nozzle tips combining copper-based and steel materials, honeycomb insulation structures and gate cores

FORWARD-LOOKING STATEMENTS

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

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following: our ability to successfully implement our business plans and strategies; future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand; general political and economic conditions of jurisdictions in which we operate; our business operations and prospects; our capital expenditure plans; weather, natural disasters and climate change; the actions and developments of our competitors; our financial condition and performance; capital market developments; our dividend policy; any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and various business opportunities that we may pursue.

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

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

An **[REDACTED]** *in our Shares involves significant risk. You should carefully consider the following information about risks, together with the other information contained in this document, including our consolidated financial statements and related notes, before you decide to buy our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the* **[REDACTED]** *of our Shares could decline and you may lose all or part of your* **[REDACTED]**. *This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY IN WHICH WE OPERATE

Demand for our products is affected by our customers' industries and capital expenditures, which may be unpredictable and could have an adverse impact on our financial condition.

The success of our business depends on the operating performance, production activities and capital expenditure plans of our customers, including end customers, principally those operating in the plastic injection molding and plastics processing industries. During the Track Record Period, substantially all of our revenue was derived from the sale of our HRS and ancillary products and equipment to such customers. As a result, our business, financial condition, results of operations and prospects are closely linked to the performance of the industries that utilize plastic products and components, and to the production levels of our customers, which are in turn affected by general market conditions, fluctuations in our customers' project implementation, adjustments to their purchasing strategies and other factors beyond our control.

Many of the end markets served by our customers, including the automotive, electronics and home appliances and packaging sectors, are cyclical in nature and sensitive to changes in general economic conditions and industry-specific factors. For example, demand from the automotive industry, including the electric vehicle segment, accounted for more than half of our revenue from HRS sets in each period during the Track Record Period. We cannot assure you that our key or target end markets will grow as we expect, or at all. Any slowdown in vehicle production, changes in consumer demand, supply chain disruptions, shortages of critical components or other adverse developments affecting these end markets may reduce our customers' production activities and capital expenditure budgets, which could in turn reduce demand for our products.

In addition, sales of our HRS are subject to customer buying patterns and can vary significantly from period to period. Fluctuations in demand for our HRS due to large unpredictable sales to customers, delay or suspension of customers' projects, adjustments to customers' purchasing strategies, and delays or failures to fulfill purchase orders could lead to variations in, and uncertainties regarding, our financial results from period to period.

Demand for our products is also influenced by the capital investment needs of companies in the plastic injection molding and plastics processing industries and by our customers' own profitability. Prices for plastic resins used to make plastic products and parts tend to fluctuate to a greater degree than our customers can adjust for in the pricing of their products. When resin prices increase, our customers' profit margins decrease, which may result in lower demand for our products. Any unfavorable market condition affecting the end markets of our customers, and any resulting reduction in demand for our products, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any slowdown in the growth of regional or global economy could affect our business, results of operations, financial condition and prospects.

Our operations are significantly influenced by economic conditions in Greater China and Korea, from which we derive a majority of our revenue, as well as in Europe, Japan and the other countries and regions where we and our customers operate. The growth of the regional and global economy has slowed in recent years, and it remains uncertain whether, and for how long, any regional or global economic downturn may persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, and over the impact of geopolitical tensions, international conflicts, inflation, trade frictions and disruptions to global shipping and supply chains.

Any economic downturn, whether actual or perceived, in our key markets or in our customers' key markets could reduce the production activities and capital expenditure of participants in the downstream industry value chain and thereby reduce demand for our products. Factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation could also affect the business and economic environment and, ultimately, the profitability of our business. If the growth of the regional or global economy slows down or if the economies in which we operate experience a recession, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Changes in the economic, political and social conditions as well as government policies could adversely affect our business and prospects.

We conduct our business operations in a number of countries and regions, and our business is therefore subject to diverse and constantly changing economic, political, social and regulatory conditions in the jurisdictions in which we operate. Our operations are particularly dependent upon the economies of Greater China and Korea, where we derive a majority of our revenue and maintain substantial production facilities. Some of the markets in which we operate have economies in various stages of development or structural reform, which may be subject to rapid fluctuations in consumer prices, employment levels, gross domestic product, interest rates and foreign exchange rates.

For instance, due to our extensive operations in China, our business, financial condition, results of operations and prospects may be affected by economic, political and legal developments in China. The overall economic growth in China can be influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. In addition, China's economy has experienced significant growth over the past decades. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. Furthermore, government policies affecting our industry or the industries of our customers, trade policies (including tariffs, trade restrictions and trade remedies), expropriation or nationalization risks, civil unrest, acts of war or terrorism, regional or global political or military tensions, and strained or altered foreign relations, in any of the jurisdictions where we operate, could adversely affect our operations, the demand for our products and our ability to conduct business.

Our customers in certain end industries have significant pricing leverage over suppliers and may be able to achieve price reductions over time and we may not be able to offset the price reduction. Additionally, we may not be successful in our efforts to negotiate favorable terms with our customers.

Our customers in certain end industries have significant pricing leverage over suppliers. For example, there is continuing pressure from customers in the automotive industry to reduce the prices they pay to suppliers, and such pricing pressure may be passed down the supply chain to us. To the extent a significant portion of our revenue is generated from such customers, we may be subject to sustained downward pressure on the selling prices of our products, and we may not be able to offset price reductions through reductions in our production costs. At the same time, our suppliers have from time to time resisted, and may in the future resist, pressure to lower their prices and may seek to impose price increases on us. If we are unable to offset reductions in our selling prices or increases in our costs, our business, results of operations, financial condition and prospects could be materially and adversely affected.

In addition, certain of our customers have substantial leverage in setting purchasing and payment terms. They may unexpectedly change their purchasing policies or payment practices, which could adversely affect our working capital position, cash flow, financial condition and results of operations. We cannot assure you that we will be successful in negotiating or maintaining favorable pricing, purchasing or payment terms with our customers.

We operate in a competitive industry. If we fail to maintain or improve our market position or respond successfully to changes in the competitive landscape, it could have a material adverse effect on our business, financial condition and results of operations.

We operate in the HRS market, which is highly competitive. The HRS market includes a number of Asian, North American and European competitors, and the principal competitive factors in this market include price, market coverage, technology, product performance, product quality, product customization and adaptability, delivery and customer service. According to F&S, we ranked first in the global HRS market in terms of revenue in 2025, with a market share of 12.5%.

Certain of our existing and potential competitors may have substantially greater financial, technical, manufacturing, marketing and other resources than we do. Our competitors' greater size in certain jurisdictions and/or downstream industries provides them with competitive advantages with respect to manufacturing costs because of their economies of scale and their ability to purchase raw materials at lower prices. They may be positioned to offer more favorable pricing to customers, which could result in reduced profitability and a loss of market share for us, and competition may limit our ability to pass on increases in our cost structure to customers. Certain of our competitors may also have greater brand recognition, more established distribution networks and larger customer bases in certain geographic regions, as well as well-established relationships with our current and potential customers and extensive knowledge of our target markets. As a result, they may be able to devote greater resources to the research, development, promotion and sale of their products and respond more quickly to evolving industry standards and changes in market conditions than we can.

Additional competitors with significant market presence and financial resources may also enter the markets in which we operate and thereby intensify competition. Increased competition may result in decreased sales volumes, reduced selling prices, higher sales and marketing expenses and increased costs of manufacturing, distributing and selling our products. If we fail to maintain or improve our market position or fail to respond successfully to changes in the competitive landscape, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We cannot guarantee that our new business initiatives will be successfully implemented or generate sustainable revenue or profit.

We have implemented, and may continue to implement, new business initiatives, such as extending into new application verticals, including footwear, contact lens, multi-material co-injection, in-mold coating and heater blocks. The development and implementation of new business initiatives involve significant risks and uncertainties, including insufficient market demand, lack of relevant operating experience, competition from more established market participants, the need for significant capital investment and management attention, and the possibility that returns, if any, may not be realized for a considerable period of time or at all.

We cannot assure you that our new business initiatives will be successfully implemented in a timely and cost-effective manner, or at all, or that they will generate sustainable revenue or profit. If our new business initiatives fail to achieve their intended results, the resources invested may be lost in part or in full, and management's attention may be diverted from our core business, any of which could materially and adversely affect our business, financial condition, results of operations and prospects.

Volatility in the prices of raw materials and other purchased components for our products or disruption in our supply chain could have a material adverse effect on our results of operations and financial condition.

Our cost of sales is subject to fluctuations in the prices of raw materials and other purchased components used in our business, including steel and copper. The costs of our raw materials accounted for 54.3%, 52.4%, 55.8%, 55.9% and 54.8% of our cost of sales for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. Steel, a critical raw material for the manufacture of HRS, has experienced price volatility due to, among other things, demand from downstream industries, fluctuations in the prices of its own raw materials, energy prices and geopolitical tensions. We typically do not enter into derivative financial instruments to hedge our commodity price risk and do not have long-term supply contracts with key suppliers. If the prices of raw materials or purchased components increase and we are unable to pass on such increases to our customers in a timely manner or at all, our profit margins will be reduced, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

We also rely on a network of third-party suppliers to supply certain parts and components for our products. The costs charged by such suppliers could rise, and we may not be able to source or produce these parts and components on comparable terms or at all. Significant disruptions to our supply chain, whether as a result of geopolitical developments, trade restrictions, logistics disruptions, natural disasters, suppliers' operational or financial difficulties or otherwise, could limit our ability to source parts and components on a cost-effective basis, or at all, increase our operating costs and impair our ability to fulfill customer orders in a timely manner. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Increases in labor costs or the enforcement of stricter labor laws and regulations, potential labor disputes and work stoppages or an inability to hire skilled research and development, manufacturing, sales and other personnel could adversely affect our business.

An increase in labor costs, work stoppages or disruptions at our facilities or those of our suppliers or transportation service providers, the enforcement of stricter labor laws and regulations, or other labor disruptions could increase our expenses or decrease our sales. Labor costs in the jurisdictions where we operate, including China and Korea, have been increasing, and may continue to increase. In addition, our labor force may become subject to labor union organizing efforts, which could cause us to incur additional labor costs, and negative publicity, work stoppages or strikes could disrupt our operations and have an adverse effect on our business, prospects, financial condition and results of operations.

We are also subject to increasingly strict regulatory requirements in respect of, among other things, the execution of labor contracts, minimum wages, payment of remuneration, terms of probation and unilateral termination of labor contracts, and the payment of various statutory employee benefits, in the jurisdictions where we operate, including China and Korea. Under PRC and Korean laws and regulations, employers are prohibited from requiring employees to work beyond statutory time limits, must pay overtime compensation in accordance with laws and regulations, and must obtain approval from the relevant governmental authorities before adopting any special working hours arrangement (including flexible working hours and comprehensive working hours arrangements). In addition, if we decide to terminate the employment of any of our employees or otherwise change our employment or labor practices, applicable laws and regulations may limit our ability to effect such changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

Any increase in labor costs, labor disputes, work stoppages, talent shortages or non-compliance with applicable labor laws and regulations could materially and adversely affect our business, financial condition, results of operations and prospects.

Our operating history may not be a reliable predictor of our prospects and future results of operations, and we may not be able to manage the growth of our business and operations and grow at a rate comparable to our growth rate in the past.

We have generally experienced growth in revenue and gross profit in the past. However, there can be no assurance that we will be able to maintain our historical growth rates, sustain our profitability or achieve comparable levels of financial performance in future periods, particularly in light of the uncertainties in the global economic environment. For instance, we recorded a net loss for the year ended December 31, 2025. Our growth and profitability may decline for a number of reasons, many of which are beyond our control, including fluctuations in foreign exchange rates, decreases in customer demand, increased competition, deceleration of growth of the plastics industry in general, increases in production costs, and changes in government policies or general economic conditions.

Our continued growth has placed, and will continue to place, significant demands on our management, operational, financial and human resources. In order to manage and support our growth, we must continue to expand and enhance our production facilities, improve our operational, administrative and technological systems, maintain effective internal controls, and recruit, train and retain qualified personnel. We cannot assure you that we will be able to do so in a timely or cost-effective manner, or at all. If we fail to manage the growth of our business and operations effectively, or if we fail to grow at a rate comparable to our growth rate in the past, our business, financial condition, results of operations and prospects may be materially and adversely affected, and our operating history should not be taken as indicative of our future performance.

We are subject to credit risks related to our trade and bills receivables.

Our trade and bills receivables primarily represented amounts due from customers arising from the sale of goods in the ordinary course of business. Our trade and bills receivables increased from US$176.3 million as of December 31, 2023 to US$182.9 million as of December 31, 2024, and further to US$189.0 million as of December 31, 2025 and US$195.3 million as of June 30, 2026, primarily attributable to the increases in trade receivables driven by the expansion of our business and growth in our customer orders. In the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, our trade and bills receivables turnover days were 179 days, 176 days, 178 days and 192 days, respectively. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables" for details. We cannot assure you that we will be able to collect all or any of our trade and bills receivables on time, or at all. The occurrence of such event would materially and adversely affect our business, financial condition, results of operations and prospects.

Our planned expansion into new geographic markets, end markets or product lines could subject us to additional business, financial, regulatory, and competitive risks.

We have in the past evaluated, and may in the future evaluate, opportunities to expand into new geographic markets, end markets and product lines. Our success in operating in new markets will depend on a number of factors, including our ability to develop solutions that address the requirements of targeted markets and customers, achieve acceptance of our products in markets and applications in which they have not traditionally been used, and manage increased manufacturing capacity and production requirements.

The new geographic markets and end markets that we consider entering may have characteristics that differ from those of the markets in which we currently operate, and our success will depend on our ability to adapt properly to these differences. These differences may include differing regulatory requirements, including tax laws, trade laws, labor regulations, tariffs, export quotas, customs duties or other trade restrictions, limited or unfavorable intellectual property protection, differing political and economic conditions, restrictions on the repatriation of earnings, longer sales cycles, different warranty expectations, product return policies, and cost, performance and compatibility requirements. In addition, expanding into new geographic markets will increase our exposure to risks to which we are already subject, such as fluctuations in the value of foreign currencies and the difficulties and increased expenses of complying with the laws, regulations and trade standards of multiple jurisdictions.

If we fail to manage the risks and challenges associated with our expansion into new geographic markets, end markets or product lines, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our success depends in part on our ability to enhance our manufacturing capabilities and to produce high quality products.

Our success depends in part on our ability to enhance our manufacturing capabilities, which include expanding our manufacturing capacity, improving our manufacturing efficiency and modifying our manufacturing lines to meet the varying demands of our customers. If we are unable to do so, we may not be able to achieve the desired level of economies of scale in our operations, reduce our manufacturing costs to a level that allows us to compete effectively, or maintain our pricing and other competitive advantages. Our ability and efforts to enhance our manufacturing capabilities are subject to significant risks and uncertainties, including:

- our ability to obtain funding for the additional capital expenditures, working capital and other corporate requirements needed to enhance our manufacturing capabilities, which we may be unable to obtain in a timely manner, on commercially reasonable terms or at all;

- unexpected delays and cost overruns resulting from factors beyond our control, including increases in the prices of raw materials, parts, components and utilities, shortages of workers, transportation constraints, disputes with contractors and equipment vendors, and equipment malfunctions and breakdowns;

- our ability to obtain the required permits, licenses and approvals from relevant government authorities;

- the availability of the necessary technology and equipment from third parties or from our internal research and development function;

- diversion of management attention and other resources; and
- manufacturing interruptions caused by natural disasters or other unforeseen events.

The performance, quality and reliability of our products are critical to our customers and to our success. The effectiveness of our quality control system depends on various factors, including the design of the HRS, the implementation of quality standards, the quality of our training programs and our employees' adherence to our quality control policies and guidelines across all stages of our manufacturing processes, from raw material and component procurement to semi-finished and finished products. If we fail to maintain an effective quality control system or otherwise fail to produce high quality products consistently, we may manufacture defective or substandard products, which could expose us to warranty claims, product returns, replacements or recalls and other liabilities, damage our reputation and customer relationships, and lead to reduced orders or loss of customers. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

Our operations depend on our ability to maintain production at our facilities and expand our manufacturing capacity.

Our operations may be subject to disruption due to extreme weather conditions, floods, fires, natural disasters, war, terrorist activity, sustained mechanical failures and similar events, major industrial accidents, strikes and lockouts, new laws or regulations, changes in interpretations of existing laws or regulations or changes in governmental enforcement policies, regulatory or government actions and other events. Any disruption resulting from any of these events could interrupt our production, cause significant delays in shipments of our products and result in the loss of sales and customers, and our insurance may not adequately compensate us for any resulting losses. Our facilities and the manufacturing equipment located in them may be difficult to replace and could require substantial replacement lead time, and our business may be materially and adversely affected if we fail to locate suitable replacement facilities promptly and at a reasonable cost. A prolonged shutdown or closure of one or more of our manufacturing facilities could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, capacity constraints, raw material shortages, logistics issues, labor shortages, and changes in customer requirements, manufacturing facilities or production processes may cause reduced manufacturing yields, negatively impacting our gross profit margins and our production capacity.

In addition, our future growth depends in part on our ability to expand our manufacturing facilities and production capacity in a timely and cost-effective manner. We may experience delays, regulatory obstacles, construction difficulties or cost overruns in connection with any planned expansion, and we cannot assure you that any expanded capacity will be fully utilized or will generate the anticipated returns. See "— Our planned expansion into new geographic markets, end markets or product lines could subject us to additional business, financial, regulatory, and competitive risks."

Failure to pay social insurance premium and housing provident funds and other various employment benefit plans for and on behalf of our employees in accordance with applicable laws and regulations may subject us to penalties and have an adverse impact on our financial conditions and results of operations.

In many jurisdictions where we operate, we are required to pay various statutory employee benefits for and on behalf of our employees. In China, we are required to participate in various government-mandated employee benefit plans, including social insurance funds (namely pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds, and to contribute to such plans in amounts equal to prescribed percentages of the salaries, including bonuses and allowances, of our employees, up to maximum amounts specified by the local governments from time to time in the localities where we operate. During the Track Record Period, certain of our PRC subsidiaries did not make social insurance and housing provident fund contributions for certain of our employees in full in accordance with applicable PRC laws and regulations. See "Business — Employees — Remuneration and Benefits."

In Korea, we are required to pay premiums for four major insurances, namely national pension insurance, health insurance, employment insurance and industrial accident compensation insurance. If we fail to comply with such insurance-related laws and regulations, we could be subject to retroactive premium assessments, late-payment charges and administrative fines, and unpaid premiums may be collected through compulsory collection procedures.

If the relevant governmental authorities determine that we have failed to make adequate contributions to any of the foregoing employee benefit plans, we may be subject to supplemental contribution demands, late payment fees, fines and/or other penalties, and our financial condition, results of operations and prospects may be adversely affected.

Our inability to satisfy orders on a timely or cost-efficient basis could have a material adverse effect on our business, results of operations and financial condition and the conversion of our orders into revenue may occur at a slower rate than historical trends.

In line with industry practice, the majority of our HRS are produced after a selling price has been agreed and an order has been received from the customer, and orders generally require delivery within a specified period of time. If we fail to properly arrange our production schedules or secure sufficient skilled labor, experience delays in receiving sufficient raw materials and components, or receive changes in customer specifications on ordered products, the rate at which our orders are converted into revenue may be slower than we have historically experienced. If it takes longer than expected to realize revenue, our cash flow, working capital position, results of operations, financial condition and prospects may be materially and adversely affected.

In addition, any failure to deliver products on a timely or cost-efficient basis could result in our customers canceling their orders, requesting discounts or price concessions, bringing claims against us, or ceasing to do business with us altogether, and our customers may choose to source products from our competitors instead. Any of the foregoing could materially and adversely affect our customer relationships, business, financial condition, results of operations and prospects.

If our products are found to be defective, fail to perform as intended or meet customer requirements or expectations, we could incur significant additional costs, and our reputation may be adversely and materially affected.

Our production involves highly complex processes, and our products must meet stringent quality, performance and reliability standards, including those specified by our customers. Our products may contain defects or flaws that are detected only after shipment, installation or use. If our products do not meet the applicable standards or our customers' requirements or expectations, we may be required to repair, replace or fix the relevant products at our own cost, and we may face claims from customers for losses suffered by them, requests for price concessions, order cancellations or the loss of existing or future business.

We may also be the target of product liability claims. Our customers or other third parties may bring product liability claims directly against us, and if a person brings a product liability claim against one of our customers, that customer may seek contribution from us. As our products are ultimately incorporated into injection molding systems, it is possible that persons could be injured by injection molding systems that incorporate our products, whether as a result of malfunctions, defects, improper installation or other causes. A successful product quality or product liability claim, or series of claims, against us in excess of our insurance coverage, and for which we are not otherwise indemnified, could have a material adverse effect on our business, financial condition and results of operations. Any such claim, regardless of merit, could also result in adverse publicity, damage to our reputation and brands, and a loss of customer confidence in our products, which could materially and adversely affect our business and prospects. See "— We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources."

Our operations are conducted worldwide and our results of operations are subject to the currency fluctuation risks, which could have a material adverse effect on our financial condition and results of operations.

We conduct our operations worldwide through subsidiaries in various jurisdictions, and a significant portion of our sales is denominated in currencies other than U.S. dollars, our reporting currency. The financial condition and results of operations of each of our operating subsidiaries are reported in the relevant local currency, including Renminbi, EUR, KRW, Indian rupee and other currencies, and then translated into U.S. dollars at the applicable exchange rate for inclusion in our consolidated financial statements. Exchange rates between U.S. dollars and these currencies have fluctuated significantly in recent years and may continue to do so in the future. In the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, we recorded net foreign exchange gains/(losses) of US$2.2 million, US$(3.2) million, US$1.7 million and US$(1.0) million, respectively.

Fluctuations in exchange rates affect, among other things, the translated value of our new orders, sales and earnings, the relative competitiveness of our products in overseas markets, and the costs of raw materials, parts and components sourced from overseas suppliers. Given the volatility of exchange rates, we may not be able to manage our currency transaction and translation risks effectively, and any significant fluctuation in currency exchange rates may materially and adversely affect our business, financial condition, results of operations and prospects.

Our research and development efforts to develop new, enhanced and customized products may not achieve the intended results, and such products may fail to gain market acceptance, which could adversely affect our business.

Our success depends in part upon our ability to develop and market new, enhanced and customized products that meet the changing needs of our customers, maintain and enhance our technological capabilities, and anticipate or respond successfully to technological changes introduced by our competitors, in each case in a cost-effective and timely manner. The end products of our customers are constantly evolving, and we may not be able to develop or manufacture HRS or other products that cater to the latest requirements of our customers. In the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses were US$11.1 million, US$10.4 million, US$11.5 million, US$5.5 million and US$5.7 million, respectively, representing 3.0%, 2.8%, 3.0%, 2.9% and 3.1% of our revenue for the respective periods.

The development of new, enhanced and customized products involves significant risks and uncertainties. Our research and development activities may not achieve the intended results, and we may encounter difficulties, delays or increased costs in the research, development or production of new products. New products that we develop may also fail to obtain the necessary intellectual property protection, or fail to gain market acceptance. Product development and testing can be expensive and time-consuming, and their outcome is inherently uncertain.

In addition, technological developments in our industry may occur rapidly. Our competitors may develop patented or other technologies that are more effective or more commercially attractive than our current or future technologies, or that render our technologies or products less competitive or obsolete, and substitute technologies for HRS may emerge in the future. If we fail to develop, manufacture and gain market acceptance of new and enhanced products that address our customers' needs, our competitive position, business, financial condition, results of operations and prospects could be materially and adversely affected.

If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties and other negative consequences that could have a material and adverse effect on the success of our business.

We are engaged in the production of HRS and ancillary products, and our operations are subject to environmental, health and safety laws, regulations and permitting requirements in the jurisdictions where we operate, including those governing discharges of pollutants to the air, soil and water, the management, treatment, storage and disposal of, and exposure to, solid and hazardous substances and wastes, and the protection of employee health and safety. See "Regulatory Overview."

During the Track Record Period, one of our PRC subsidiaries had not completed certain pollutant discharge registration or permit procedures for their production premises. Failure to comply with, or the imposition of liability under, applicable environmental, health and safety laws and regulations could result in administrative penalties, fines, orders to cease non-compliant activities and take corrective measures, suspension of operations, revocation of permits, and claims by third parties for personal injury or property damage.

In addition, environmental, health and safety laws, regulations and standards, and their enforcement, are becoming increasingly stringent in the jurisdictions where we operate, which could require us to make potentially significant capital or operating expenditures, modify our facilities or production processes, obtain additional permits or approvals, or implement additional compliance measures. We are also exposed to risks of work safety incidents and industrial accidents in our manufacturing activities, which may result in personal injuries or fatalities, damage to property and equipment, claims by affected persons, suspension of operations, and civil, administrative or criminal penalties. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

Our and/or others' failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations.

We are subject to laws and regulations that require us to obtain and maintain various approvals, licenses, permits and certificates from different authorities in order to operate our business, including, among others, those relating to the construction and operation of our manufacturing facilities, environmental protection, work safety, and the export of our products to certain countries. Under applicable PRC laws and regulations, construction projects relating to our production expansion are subject to government supervision and approval procedures, including project approvals and filings, construction land and project planning approvals, construction permits, environmental impact assessments, and completion inspection and acceptance by the relevant authorities.

We may face sanctions or other enforcement and administrative actions if we fail to obtain or maintain the approvals, licenses, permits and certificates necessary for our operations, including orders to cease operations, fines, and requirements to undertake corrective measures involving additional capital expenditure or other remedial actions. In addition, some of these approvals, licenses, permits and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal or reassessment may change from time to time. We may also be required to obtain additional approvals, licenses, permits or certificates that were previously not required for our existing business as a result of new laws and regulations or changes in the interpretation or implementation of existing ones.

We cannot assure you that we, or any third parties whose licenses or qualifications our operations depend on, will be able to obtain or renew all requisite approvals, licenses, permits and certificates in a timely manner, or at all. Any failure to do so could cause severe disruption to our business, restrict the conduct of our operations, decrease our revenue and/or increase our costs, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to renew our current leases or locate desirable alternatives for our business operations.

We lease certain properties for our production facilities, warehouses, offices and other business operations in the jurisdictions where we operate. As of the Latest Practicable Date, we leased 123 properties with an aggregate GFA of approximately 68,293 sq.m. We cannot assure you that we will be able to renew the relevant lease agreements upon their expiry without substantial increases in rent, on other commercially acceptable terms, or at all. If a lessor terminates or refuses to renew a lease, or seeks to impose terms that are not acceptable to us, we may need to relocate the relevant operations to alternative premises. Suitable alternative locations may not be readily available on commercially reasonable terms, or at all, and any relocation could result in significant costs, business interruption and loss of production time. If we are unable to renew our current leases or locate desirable alternative premises in a timely manner, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If our owned and leased properties fail to comply with applicable property-related laws and regulations, our business, financial condition and results of operations may be materially and adversely affected.

We own and lease properties in a number of jurisdictions where we operate, and such properties are subject to various property-related laws and regulations. Under PRC laws, lease agreements are required to be registered with the local housing administration authorities. As of the Latest Practicable Date, the registration of 35 of our lease agreements in China with the relevant authorities had not been completed. Failure to complete such registration within the time limit prescribed by the relevant authorities may subject us to fines ranging from RMB1,000 to RMB10,000 for each unregistered lease, and the aggregate maximum penalty that may be imposed on us for such non-compliance is approximately RMB350,000.

In addition, the lessors of 13 of our leased properties in China have not provided ownership certificates or other similar proof of their right to lease the relevant properties to us or the consents to the leases required under applicable PRC laws and regulations. We therefore cannot assure you that such lessors are entitled to lease the relevant properties to us. If any of our lease agreements is challenged, invalidated or terminated as a result of such defects, or if the real owners of the relevant properties decline to ratify the lease agreements, we may be unable to continue to use the relevant properties and may be required to vacate them, and our recourse may be limited to claims against the lessors for breach of the relevant lease agreements. If we were required to vacate these premises, we cannot assure you that we would be able to secure suitable replacement premises in a timely manner, or at all. See "Business — Properties — Leased Properties."

Our business depends substantially on the continuing efforts of our senior management personnel as well as our ability to maintain a skilled labor force. Our business may be materially adversely affected if we lose their services.

Our future success depends significantly on our continuing ability to attract, develop, motivate and retain our senior management personnel and a sufficient number of experienced and skilled employees. Our senior management team possesses extensive experience in the injection molding industry and in-depth knowledge of the HRS market, and we benefit from their established track record. See "Directors and Senior Management."

Qualified individuals are in high demand, particularly in the injection molding industry, and we may have to incur significant costs to attract and retain them. The loss of the services of any member of our senior management team or other key personnel could be highly disruptive to our business operations, impair our relationships with particular customers, suppliers or other stakeholders, delay the implementation of our business strategies and adversely affect our future growth. Moreover, if any of these individuals joins a competitor or undertakes a competing business, we may lose crucial business secrets, personal relationships, technological know-how and other valuable resources, notwithstanding our contractual arrangements designed to mitigate such loss. We cannot assure you that we will be able to identify, recruit and integrate suitable replacements for departing key personnel in a timely manner, or at all. If we lose the services of our senior management personnel or fail to maintain a skilled labor force, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our acquisitions and investments may not be successful in achieving their intended goals and could harm our business, financial condition and results of operations.

We have pursued, and may from time to time pursue, acquisitions of, or investments in, complementary businesses and technologies. For example, we completed the acquisition of Magnet and Kiwon Superprecision to bring certain processing and manufacturing capabilities in-house, enhance our control over production quality and delivery schedules, and support the continued manufacturing of our HRS. The identification of suitable acquisition or investment candidates can be difficult, time-consuming and costly, and we may not be able to complete identified acquisitions successfully. We have limited experience in acquiring other businesses, and our ability to acquire and integrate other companies, products or technologies in a successful manner is subject to uncertainty. Completed acquisitions may not achieve their intended goals and could be viewed negatively by customers, suppliers, business partners or investors.

The risks we face in connection with acquisitions and investments include:

- diversion of management time and focus from operating our business to addressing acquisition and integration challenges;
- our lack of familiarity with, and experience in, the relevant industry segment or geography;
- challenges associated with the integration of the product development, distribution, sales and marketing functions of the acquired company;
- challenges associated with the retention of key employees of the acquired company;
- cultural and operational challenges associated with integrating employees of the acquired company into our organization;
- challenges associated with the integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that, prior to the acquisition, may have lacked effective controls, procedures and policies;
- liability for activities of the acquired company before the acquisition, including intellectual property infringement claims and other unknown or contingent liabilities;
- unanticipated write-offs or charges or impairment of goodwill; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former shareholders or other third parties.

Future acquisitions or investments could also result in dilutive issuances of our equity securities or the incurrence of debt, contingent liabilities, amortization expenses or incremental operating expenses. If we fail to address these risks or other problems encountered in connection with our past or future acquisitions or investments, or if any such transactions fail to achieve their intended goals, our business, financial condition, results of operations and prospects could be materially and adversely affected.

If we are unable to maintain and enhance our brands, or if events occur that damage our reputation and brands, our ability to maintain and expand our base of customers may be impaired, and our business and financial results may be harmed.

We have built our brands in the injection molding industry, and our brands and reputation are critical to our business operations, our relationships with customers and business partners, and our ability to compete effectively. Maintaining and enhancing our brands depends largely on our ability to continue to provide reliable, trustworthy and innovative products that meet the evolving needs of our customers, which we may not do successfully. Maintaining and enhancing our brands may also require us to make substantial investments in product development, marketing and customer service, and such investments may not be successful. If we introduce new products or technologies that fail to meet market demand or customer expectations, our brands may be negatively affected.

In addition, any negative publicity, regardless of veracity, involving us, our management, employees, products, business partners or industry may harm our brands and reputation. We may not be able to defuse negative publicity to the satisfaction of our customers and business partners, and we may be required to engage in defensive media campaigns or legal actions, which may increase our marketing and legal expenses and divert management's attention. If we are unable to maintain and enhance our brands, or if events occur that damage our reputation and brands, our ability to maintain and expand our base of customers may be impaired, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are exposed to a number of different tax uncertainties, which could have a material adverse effect on our results of operations and returns to our shareholders.

We are required to pay taxes in multiple jurisdictions. We determine the taxes we are required to pay based on our interpretation of the applicable tax laws and regulations in the jurisdictions where we operate. Our tax position could be adversely affected by changes in tax rates, tax laws, tax practices, tax treaties or tax regulations, or changes in their interpretation or enforcement by the relevant tax authorities.

Our actual effective tax rate may vary from our expectation, and that variance may be material. A number of factors may increase our future effective tax rates, including: the jurisdictions in which profits are determined to be earned and taxed; the resolution of issues arising from any future tax audits by various tax authorities; changes in the valuation of our deferred tax assets and liabilities; increases in expenses not deductible for tax purposes, including transaction costs and impairment of goodwill in connection with acquisitions; changes in the taxation of share-based compensation; changes in tax laws or the interpretation of such tax laws and changes in generally accepted accounting principles; and challenges to the transfer pricing policies related to our corporate structure.

A tax authority may disagree with tax positions that we have taken, or may assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a "permanent establishment" under international tax treaties, and any such assertion, if successful, could increase our expected tax liability in one or more jurisdictions. In addition, under applicable PRC tax regulations, including SAT Circular 7 and SAT Circular 37 (Announcement on Matters Concerning Withholding of Income Tax of Non-resident Enterprises at Source), an indirect transfer of equity interests or other properties of PRC tax resident enterprises by a non-PRC tax resident enterprise may be re-characterized and treated as a direct transfer of PRC taxable properties, and may be subject to PRC withholding tax at a rate of up to 10%, if such transfer is deemed to lack a reasonable commercial purpose. There are uncertainties as to the application of these rules, and we may be required to expend valuable resources to comply with them or to establish that we should not be taxed thereunder. See "Regulatory Overview — PRC Laws and Regulations — Laws and Regulations Relating to Taxation."

We are also subject to periodic tax audits, examinations and reviews by tax authorities in the jurisdictions where we operate, the outcomes of which are inherently uncertain. If any tax authority successfully challenges our tax positions, or if additional taxes, interest or penalties are assessed against us, our effective tax rate could increase and our financial condition, results of operations and the returns to our shareholders could be materially and adversely affected.

Governmental authorities may question our intercompany transfer pricing policies or change their laws in a manner that could increase our effective tax rate or otherwise harm our business.

As we conduct business in international markets through subsidiaries in various jurisdictions, we are subject to foreign tax and intercompany transfer pricing laws, including those relating to the flow of funds between the parent company and its subsidiaries. Tax authorities in the jurisdictions in which we operate closely monitor our corporate structure and how we account for intercompany fund transfers. If any tax authority challenges our corporate structure, transfer pricing mechanisms or intercompany transfers, our operations may be negatively affected and our effective tax rate may increase. Tax rates vary from country to country, and if tax authorities determine that our profits in one jurisdiction should be increased, we may not be able to fully utilize all foreign tax credits that are generated, which would increase our effective tax rate.

We may not be in compliance with all applicable exchange control and transfer pricing laws notwithstanding our efforts to be aware of and to comply with such laws. Furthermore, if these laws change, we may need to adjust our operating procedures, corporate structure, transfer pricing arrangements or other tax-related practices, and we may not be able to do so in a timely or cost-effective manner. If any of the foregoing results in higher taxes, increased compliance costs or additional liabilities, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our business may benefit from certain financial incentives, subsidies, tax exemptions, preferential tax treatments and other discretionary policies granted by local governments. Expiration of, or changes to, these incentives, subsidies or policies may have an adverse effect on our results of operations.

Our business has benefited from certain government subsidies, financial incentives, tax exemptions, preferential tax treatments and other discretionary policies granted by governmental authorities in the jurisdictions where we operate, many of which are non-recurring in nature or are subject to periodic review. In the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, we recorded government grants of US$0.9 million, US$0.7 million, US$1.2 million and US$1.1 million, respectively, and certain of our PRC subsidiaries enjoyed a preferential enterprise income tax rate of 15% instead of 25% as High and New Technology Enterprises during the Track Record Period.

The timing, amount and criteria of government financial incentives are determined at the sole discretion of the relevant government authorities and cannot be predicted with certainty. The relevant authorities may decide to reduce or cancel such grants, incentives or preferential tax treatments, or require us to repay part or all of the grants we previously received, at any time. There is no guarantee that the relevant government authorities will continue to provide subsidies or incentives in the future at the same level, or at all, and the relevant authorities may review and adjust the applicable standards from time to time. Some government financial incentives are granted on a project basis and are subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects contemplated therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to do so we may be deprived of, or required to refund, the relevant incentives. Similarly, preferential tax treatments are subject to periodic review, re-qualification and changes in applicable laws and policies, and we cannot assure you that we or our subsidiaries will continue to qualify for such treatments.

To the extent any subsidy, incentive or preferential treatment is reduced, curtailed, withdrawn or not renewed, or any collection of granted subsidies is delayed, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our sales and marketing efforts may not be successful.

Our future growth depends in part on our ability to maintain and expand our customer base and to increase sales of our products in existing and new markets. To achieve these objectives, we must identify market opportunities, develop and maintain customer relationships, enhance market awareness of our products and effectively execute our sales and marketing strategies. There can be no assurance that our sales and marketing efforts will be successful or that they will result in increased sales, market share or profitability.

Our existing and potential customers may choose to purchase products from our competitors for various reasons, including price, quality, product performance, technological capabilities, customer service, delivery capability, brand recognition or existing commercial relationships. In addition, our ability to market and sell our products successfully depends on a number of factors, including the effectiveness of our sales and marketing personnel, market acceptance of our products, and prevailing economic and market conditions. We may incur substantial costs in connection with our sales and marketing activities, and such investments may not generate the anticipated returns. If we fail to anticipate market developments, identify customer needs, promote our products effectively or compete successfully for new business, we may be unable to maintain or increase our sales, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are subject to risks associated with other parties with which we collaborate. If we cannot effectively cooperate with such other parties, or if such other parties fail to perform their obligations, provide reliable or satisfactory services, or operate their businesses, in each case in compliance with applicable laws and regulations, our business, financial condition and results of operations may be materially and adversely affected.

We collaborate with various other parties in our daily business and operations. For example, we rely on suppliers for the procurement of raw materials, parts and components and on logistics service providers for the transportation of our products and materials.

We are subject to a number of risks in relation to such collaborations, including:

- the business operations of such other parties may deteriorate, be interrupted or be terminated, or they may suspend the provision of products or services to us;
- we may not be able to maintain our business relationships with existing parties on commercially acceptable terms, or at all;
- there may be adverse changes in key contractual terms with such other parties, such as increases in fees or prices, that are no longer acceptable or commercially reasonable to us, and it may be difficult for us to identify and establish relationships with alternative parties in a timely manner, or at all;
- such other parties may fail to perform their contractual obligations, or to provide reliable or satisfactory products or services, which may in turn affect the quality and delivery of our own products and services; and
- such other parties may fail to comply with applicable laws and regulations, or may become involved in negative incidents or publicity, which may in turn have a negative impact on our business operations and reputation.

In any such event, our cooperative relationships with such other parties may be disrupted or discontinued, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties in the relevant jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.

Our future success and competitive position depend in part upon our ability to obtain and maintain the proprietary technologies used in our products. We rely on a combination of patents, trade secrets, know-how, trademarks and copyrights, as well as confidentiality agreements with employees and other parties, to protect our intellectual property. However, these measures may be inadequate. Confidentiality agreements may be breached or terminated, and we may not have adequate remedies for any breach. We may not always be successful in preventing the unauthorized use of our intellectual property by our competitors or other third parties, and we may not discover any such unauthorized use in a timely manner, or at all. As of June 30, 2026, we had 596 patents in force and 33 pending patent applications in China, Korea, Japan, Germany and Brazil. See "Business — Intellectual Property."

We have applied for patent protection relating to certain existing and proposed products, processes and services in the jurisdictions where we intend to make, have made, use or sell patented products; however, we may not accurately predict all the jurisdictions where patent protection will ultimately be desirable, and if we fail to file a patent application in any such jurisdiction in a timely manner, we may be precluded from doing so at a later date. We may also face the following risks: any of our patents could be invalidated, circumvented or challenged; any of our pending or future patent applications could fail to be granted within the scope of the claims sought by us, if at all, or patents granted may not be of sufficient scope or strength to provide us with meaningful protection or commercial advantage; others may develop technologies that are similar or superior to our technologies, duplicate our technologies or design around our patents; and steps taken by us to protect our technologies may not prevent the misappropriation of such technologies. Monitoring and enforcing our intellectual property rights can be difficult and costly, particularly in jurisdictions where intellectual property protection or enforcement is less developed, and we may not have adequate resources to enforce our rights effectively.

At the same time, our success depends on our ability to use and develop our technology and know-how, and to manufacture and sell our HRS and other products, without infringing the intellectual property or other rights of third parties. The validity and scope of claims relating to HRS technology patents involve complex scientific, legal and factual questions and analyses and may therefore be highly uncertain. We may from time to time be subject to claims, demands, litigation or other proceedings alleging infringement, misappropriation or other violation of the patents, trademarks, copyrights, trade secrets or other intellectual property rights of third parties, including claims that our employees have wrongfully used or disclosed trade secrets of their former employers. The defense and prosecution of intellectual property suits, patent opposition proceedings, trademark disputes and related legal and administrative proceedings can be costly and time-consuming and may significantly divert our resources and the attention of our technical and management personnel. An adverse ruling in any such litigation or proceeding could subject us to significant liability to third parties, require us to seek licenses from third parties or pay ongoing royalties, require us to redesign our products, or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Protracted litigation, regardless of outcome, could also result in our customers or potential customers deferring or limiting their purchase or use of our products until the resolution of such litigation, and could lead to unfavorable publicity that damages our reputation.

If we are unable to protect our intellectual property rights adequately, or if any intellectual property claims are determined adversely to us, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and patent applications are due to be paid to the government patent agencies over the lifetime of our owned or licensed patents and patent applications. The relevant government agencies also require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules; however, there are situations in which non-compliance can result in the abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction.

If any of our patent rights is abandoned, lapses or is otherwise lost, reduced or adversely affected as a result of any such non-compliance, potential competitors might be able to enter the market with similar or identical products or technology, which could weaken our competitive position and materially and adversely affect our business, financial condition, results of operations and prospects.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

Changes in the patent laws, or in the interpretation of the patent laws by the relevant authorities, in the jurisdictions where we operate, such as China and Korea, could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents, including by changing the standards of patentability, and any such changes could have a negative impact on our business. For example, the amendment to the PRC Patent Law promulgated in October 2020, which became effective in June 2021, extended the term of protection for design patents from 10 years to 15 years, and further changes to the intellectual property laws of the PRC or other relevant jurisdictions may be adopted in the future. We cannot guarantee that any such changes would not have a negative impact on the value of our patents or our intellectual property protection generally. Any of the foregoing could materially and adversely affect our ability to protect, defend and enforce our patent rights, as well as our competitive position, business, financial condition, results of operations and prospects.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.

We, our Directors, management and employees may be subject to claims, disputes, litigation, arbitration, regulatory inquiries, administrative proceedings or other legal proceedings from time to time, including those arising in the ordinary course of our business, such as disputes with employees, suppliers or customers relating to, among other things, product liability, labor matters or contractual matters.

Legal and administrative proceedings can be expensive, lengthy and disruptive to normal business operations, and the results of complex legal proceedings are difficult to predict. Agreements entered into by us sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party. If one or more legal or administrative matters are resolved against us, or if an indemnified party seeks amounts in excess of our expectations, or if any injunction is granted against our operations, we could be subject to significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, cessation of business operations, or injunctive relief or specific performance, any of which could materially and adversely affect our business, financial condition, results of operations and prospects. Regardless of the merits, responding to and defending against allegations, litigation or legal or administrative proceedings can be time-consuming and costly, may result in substantial legal and administrative expenses, may divert the attention of our management, and may cause negative publicity and damage to our reputation.

Our business operations may be disrupted by information technology system failures, security threats or security breaches, which could materially and adversely affect our business, financial condition and results of operations.

The efficient operation of our business depends on information technology infrastructure and systems across multiple platforms to process, transmit and store electronic information and to support a variety of business processes and activities, including production management, customer information management, inventory and billing, and financial and budgeting data. We face security threats and risks of security breaches to our facilities, equipment, products, data and information technology infrastructure. Our systems are vulnerable to natural or man-made disasters, computer viruses, cyber-attacks (including ransomware, distributed denial-of-service attacks, phishing and social engineering), unauthorized access, power outages and other disruptions. As the techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate these attacks or implement adequate measures to protect against them.

Any significant system failure, security threat or security breach could harm our reputation, subject us to material liabilities or regulatory penalties, result in reduced demand for our products, make it difficult or impossible for us to deliver products to our customers or to receive raw materials or components from suppliers, compromise our after-sales services, and create delays and inefficiencies in our supply chain. We may also be required to incur significant costs to maintain, upgrade and protect our information technology systems or to remediate the effects of any system failure, disruption or security breach. If any of the foregoing occurs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are subject to complex laws, regulations and governmental policies regarding cybersecurity, privacy and data protection. Actual or alleged failure to comply with such laws, regulations and governmental policies could materially and adversely affect our business and reputation.

Our business involves the collection, use, storage, transmission and other processing of certain data and information, including personal information of our employees and information relating to our customers and suppliers. We are subject to laws, regulations and governmental policies regarding cybersecurity, privacy and data protection in the jurisdictions where we operate, including, in the PRC, the Cybersecurity Law, the Data Security Law and the Personal Information Protection Law, as well as data protection regimes in Korea, Japan, the European Union and other jurisdictions where we have operations or sales. In many cases, these laws and regulations apply not only to transactions and dealings with third parties, but may also restrict transfers of personal information and other regulated data between us and our subsidiaries across borders.

These laws and regulations are complex and continue to develop and evolve, their interpretation and enforcement involve significant uncertainties, and the regulatory requirements may vary, and in some cases conflict, from jurisdiction to jurisdiction. Complying with these emerging and changing requirements may cause us to incur substantial costs or require us to change our business practices, including our data processing and cross-border data transfer practices. Any actual or alleged failure by us to comply with applicable cybersecurity, privacy and data protection laws, regulations and policies, and any loss of, unauthorized access to, or unauthorized disclosure or release of, confidential information or personal data, could subject us to governmental investigations and enforcement actions, fines and penalties, civil claims, negative publicity and reputational damage, any of which could materially and adversely affect our business, financial condition, results of operations and reputation. See "— Our business operations may be disrupted by information technology system failures, security threats or security breaches, which could materially and adversely affect our business, financial condition and results of operations."

If we fail to maintain adequate internal controls, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business.

Our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls, as well as our compliance function, and to train, manage and improve our employees in order to maintain the adequacy and effectiveness of our internal controls. Any failure to develop, revise or maintain an effective and efficient system of internal controls in a timely manner, or to adapt such system to our expanding business and evolving regulatory requirements, could result in errors, operational failures, unauthorized transactions, fraud or information lapses affecting our business, and could impair our ability to manage our business effectively, to produce accurate and reliable financial statements on a timely basis, and to comply with our reporting and other obligations as a **[REDACTED]** company.

We may in the future identify deficiencies or weaknesses in our internal controls. Any failure to remediate any such deficiencies or weaknesses, or to implement required new or improved controls, in a timely manner, or at all, could result in errors or misstatements in our financial statements, cause us to fail to meet our reporting obligations, cause investors to lose confidence in our reported financial and other information, and expose us to regulatory sanctions, any of which could materially and adversely affect our business, financial condition, results of operations and prospects.

Our employees and business partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We may be exposed to fraud or other misconduct committed by our employees, agents, suppliers, customers or other business partners or third parties, which could subject us to financial losses and sanctions imposed by governmental authorities, as well as adversely affect our reputation. Such misconduct could include hiding unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses; intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks that are material to our decision-making; improperly using or disclosing confidential information; engaging in improper activities such as offering or accepting bribes in return for any type of benefit or gain; misappropriation of funds; conducting transactions that exceed authorized limits; engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities; or otherwise failing to comply with applicable laws and regulations or our internal policies and procedures.

Our internal control measures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, or at all, and it is not always possible to detect and prevent fraud and other misconduct, especially that committed by suppliers or other third parties. Any such fraud or misconduct, or any resulting negative publicity, could subject us to liabilities, penalties or regulatory actions, damage our reputation, and materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to various risks relating to the Third-Party Payment Arrangements.

During the Track Record Period, certain customers settled payments with us through third parties, being related parties of such customers, who were not contractually obligated to do so pursuant to the agreements between such customers and us. See "Business — Sales, Marketing and Customers — Third-Party Payment Arrangements." We faced various risks related to the Third-Party Payment Arrangements during the Track Record Period, including: (i) third-party payers who are not contractually obligated debtors may seek to reclaim funds from us; (ii) potential risks arising from our limited understanding of the source and use of funds by third-party payers; and (iii) claims that may be made by the liquidators of third-party payers. If any claims are made by third-party payers or their family members, creditors or liquidators, or if any legal proceedings are initiated or brought against us regarding any third-party payments, we may need to allocate additional financial and management resources to address these claims or legal proceedings, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and noncompliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct activities. Any non-compliance with such laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and prospects.

We sell our products to customers in numerous countries and regions. Certain countries, regions or counterparties with which we trade, or may in the future trade, may be or become the subject of economic sanctions or export controls administered by one or more jurisdictions, including the sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, His Majesty's Treasury of the United Kingdom, and the European Union and its member states. The number of authorities imposing such sanctions has grown in recent years, and the complexity of the applicable sanctions regimes, and the associated compliance burden, has increased.

We have in the past made sales to customers in jurisdictions that are or have since become subject to sanctions programs. Such sales have ceased and we have not identified any prohibited historic sales to a Sanctioned Target. See "Business — Business Activities That May Be Subject to International Sanctions." Any violation, or even any alleged or suspected violation, of applicable sanctions or export control laws could harm our reputation, cause financial institutions or other counterparties to refuse to do business with us, and subject us to fines, penalties and other sanctions, and changes in sanctions and export control laws in the future could further restrict our sales or operations. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

Any future occurrence of force majeure events, natural disasters or health or public security hazards in countries and regions which we operate may severely disrupt our business and operations and may have a material adverse effect on our financial condition and results of operations.

Our business is subject to general economic and social conditions in the countries and regions where we operate. Natural disasters, epidemics, pandemics and other outbreaks of contagious diseases, acts of war, terrorist activity, social or civil unrest and other force majeure events which are beyond our

control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we and our customers and suppliers operate. Typhoons, floods, fires, earthquakes, sandstorms, snowstorms and droughts, among others, pose risks to the regions in which we conduct our operations.

The occurrence of any such event may, among other things, disrupt our production and supply chain, logistics and transportation, limit the availability of resources essential to our business, injure our employees, damage our facilities, reduce our customers' demand for our products, and slow down regional or national economic development. Government authorities may also impose restrictive measures in response to any such event, including quarantines, travel and transportation restrictions and import and export restrictions, which may further disrupt our business and operations. We may not be adequately prepared, in terms of contingency planning or recovery measures, to deal with a major incident or crisis, and our insurance coverage may not be sufficient to compensate us for any resulting losses. Any of the foregoing may materially and adversely affect our business, financial condition, results of operations and prospects.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We are exposed to risks associated with product liability claims in the event that the use of our products results in property damage, personal injury or other losses. We carry limited product liability insurance, and we may not have adequate resources to satisfy a judgment in the event of a successful claim against us. In addition, we do not carry any business interruption insurance. Even if we decide to take out additional coverage, the insurance available may offer limited coverage compared with that available in other countries and may not be obtainable on commercially acceptable terms, or at all.

We cannot assure you that the types and amounts of insurance we maintain from time to time will be sufficient to cover all losses, liabilities, damages, costs or expenses that we may incur, and certain risks may be uninsurable. Any business interruption, natural disaster, fire, flood, equipment failure, accident, labor dispute, public health event or other unforeseen circumstance, and any product liability or other claims beyond our insurance coverage, could result in substantial losses and a diversion of our financial and management resources, and could materially and adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

Policies regarding foreign currency conversion may impact our foreign exchange transactions, including dividend payment to holders of the Shares.

A substantial portion of our operations is conducted through our subsidiaries in the PRC, and our ability to receive dividends and other distributions from such subsidiaries is subject to PRC foreign exchange regulations. The conversion of Renminbi into foreign currencies is required to comply with applicable PRC laws and regulations, and the exchange and remittance of foreign currencies are subject to PRC foreign exchange controls. Under the current PRC foreign exchange regulatory system, payments of current account items, including profit distributions and trade and service-related foreign exchange transactions, can generally be made in foreign currencies without prior approval from the SAFE, subject to compliance with certain procedural requirements through financial institutions licensed to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, generally require registration with or approval by SAFE or its local branches or designated banks, except where otherwise exempted.

The PRC government may at its discretion impose more restrictive foreign exchange policies or step up scrutiny of cross-border capital movements, and may restrict access to foreign currencies for current account transactions under certain circumstances in the future. If the applicable foreign exchange control system prevents our PRC subsidiaries from converting Renminbi into foreign currencies and remitting funds out of the PRC, or if there are changes in the policies regarding the payment of dividends in foreign currencies, our ability to receive distributions from our PRC subsidiaries, to fund our operations and to pay dividends in foreign currencies to holders of the Shares could be adversely affected. In addition, while dividends from our Korean subsidiary may generally be remitted without prior governmental approval, such remittances remain subject to applicable reporting requirements under the Korean Foreign Exchange Transaction Act, and safeguard measures may be imposed in emergency circumstances.

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition, results of operations and prospects.

The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have civil law systems based on written statutes, under which prior court decisions may be cited for reference but have limited precedential value, while others are based on common law. We are subject to uncertainties embedded in the legal systems of some of the geographic markets where we operate. Recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in such markets, and the interpretation and enforcement of applicable laws and regulations may be subject to future implementation rules, involve uncertainties, and not be as consistent or predictable as in other jurisdictions.

For example, the PRC legal system is a civil law system based on written statutes, the interpretation of many laws, regulations and rules may not be uniform, and the enforcement of such laws, regulations and rules involves uncertainties. Since local administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection available to us. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. In addition, regulatory uncertainties may be exploited by third parties through unmerited or frivolous legal actions or threats in an attempt to extract payments or benefits from us, and administrative and court proceedings in certain jurisdictions may be protracted, resulting in substantial costs and diversion of resources and management attention. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

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

Our Company is incorporated in Hong Kong and a substantial part of our assets and operations, and a majority of our Directors and members of senior management, are located outside Hong Kong, principally in the PRC and Korea. As a result, it may not be possible for investors to effect service of process within Hong Kong upon such Directors or members of senior management, or to enforce against us or them, in jurisdictions where our assets are located, judgments obtained from the Hong Kong courts.

The recognition and enforcement of foreign judgments is subject to the laws and arrangements of the jurisdictions where enforcement is sought. In the PRC, the recognition and enforcement of foreign judgments is provided for under the PRC Civil Procedure Law, and PRC courts may recognize and enforce foreign judgments based either on treaties between China and the country where the judgment is rendered or on principles of reciprocity between jurisdictions. Pursuant to 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, which became effective on January 29, 2024, and its predecessor 2008 arrangement, certain judgments of the Hong Kong courts may be recognized and enforced in the PRC subject to the conditions and procedures set out therein; however, there remain uncertainties as to the outcome and time frame of any application for recognition and enforcement. In Korea, foreign judgments are recognized and enforced only if the requirements under the Civil Procedure Act of Korea are met, and a Korean court will not recognize a foreign judgment that it determines to be contrary to the public policy of Korea. Accordingly, you may encounter difficulties or incur additional costs in effecting service of legal process and enforcing judgments against us, our Directors or our senior management, or may be unable to do so.

The development of regulations, policies and regulatory requirements regarding plastic injection-molded products may affect our business and prospects.

Our HRS and ancillary products are used by our customers in the production of plastic injection-molded products. The development of regulations, or changes in policies and regulatory requirements regarding plastics and plastic injection-molded products may therefore affect our business operations and prospects. A number of governmental authorities in the jurisdictions where we and our customers operate have adopted, considered or are expected to consider legislation and other regulatory measures aimed at addressing the environmental impact of plastics, including mandating certain rates of recycling and/or the use of recycled materials, imposing deposits or taxes on plastic packaging materials, restricting the use of certain plastics or single-use plastic products, and imposing requirements relating to product and packaging composition and disposability. Such legislative and regulatory measures may increase the costs associated with plastic products, reduce the demand for plastic injection-molded products and, in turn, reduce the demand for our products.

We may need to change or adapt our business focus from time to time in response to new rules and regulations affecting the end markets for our products, but we may not be able to do so in a timely and efficient manner, or at all. There is no guarantee that policies or regulatory requirements favorable to the plastics processing industry will continue to exist, or that unfavorable policies or regulatory requirements will not be enacted and implemented in the future. Any new rules or regulations, or adverse changes in existing requirements, relating to the end products produced with our products and equipment could materially and adversely affect our business, financial condition, results of operations and prospects.

Payment of dividends is subject to laws and regulations in regions where we operate.

The Company is a holding company, and it conducts its operations primarily through its subsidiaries. The Company's ability to pay dividends to its Shareholders, and to cover its corporate and other expenses, depends on the receipt of dividends and other distributions from its subsidiaries, and the ability of the Company's subsidiaries to make such distributions is subject to the laws and regulations of the jurisdictions where they are incorporated and operate, as well as to restrictions that may be contained in our current or future financing arrangements.

Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards, and each of them is required to make appropriations of at least 10% of its after-tax profits each year, after making up for accumulated losses of prior years, to its statutory surplus reserve fund until such reserve reaches 50% of its registered capital. Such statutory reserves are not distributable as cash dividends. In addition, dividends payable by our PRC subsidiaries to their offshore holding companies are generally subject to PRC withholding tax at a rate of 10%, unless reduced under applicable tax treaties or arrangements. In addition, if any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may contain covenants or undertakings that restrict its ability to pay dividends or make other distributions to the Company. Distributions by our subsidiaries in Korea, Japan and other jurisdictions are similarly subject to local law requirements, including capital maintenance and reserve requirements, and applicable withholding taxes. If any of our subsidiaries is restricted from making distributions to the Company, whether under applicable laws and regulations, financing arrangements or otherwise, our liquidity and financial condition, and our ability to pay dividends to our Shareholders, could be materially and adversely affected.

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

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") and its implementation rules, an enterprise incorporated outside of the PRC whose "de facto management bodies" are located in the PRC may be considered a PRC "resident enterprise" and will be subject to PRC enterprise income tax at the rate of 25% on its global income. The Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as Chinese Tax Resident Enterprises on the Basis of De Facto Management Bodies, or SAT Circular 82, sets out certain criteria for determining whether the "de facto management bodies" of an offshore-incorporated enterprise are located in China. Although SAT Circular 82 by its terms applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, the criteria set forth therein may be adopted by the PRC tax authorities as a reference in determining the tax resident status of other offshore-incorporated enterprises.

The tax resident status of an enterprise is subject to determination by the PRC tax authorities, and uncertainties remain with respect to the interpretation of the term "de facto management bodies." If the Company were classified as a PRC resident enterprise for PRC tax purposes, we may be required to withhold PRC income tax at a rate of 10% from dividends we pay to our Shareholders that are non-PRC resident enterprises, and non-PRC resident enterprise Shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within the PRC. It is unclear whether non-PRC resident individual Shareholders would be subject to any PRC tax on dividends or gains in such circumstances; if any such tax were to apply, it would generally be imposed at a rate of 20%, subject to reduction under applicable tax treaties or arrangements.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC laws for any non-compliance.

Pursuant to the Circular on Relevant Issues Relating to PRC Residents' Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, promulgated by SAFE in July 2014, PRC residents, including PRC resident individuals and PRC entities, are required to register with SAFE or its local branches (or, following the promulgation of SAFE Notice 13 in February 2015, with qualified banks) in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing, and to update such registration in the event of any change of basic information or other material changes, such as increases or decreases in investment amounts, transfers or exchanges of shares, or mergers or divisions. If any shareholder or ultimate beneficial owner of our group companies who is a PRC resident fails to complete or update the required SAFE registration, the relevant PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to their offshore parent companies, and we may be restricted in our ability to contribute additional capital to the relevant PRC subsidiaries. Failure to comply with the SAFE registration requirements could also result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

A PRC resident individual did not complete relevant foreign exchange registration required under SAFE Circular 37 for his indirect minor equity interest in Yudo (Qingdao) Co., Limited, our subsidiary incorporated under the laws of Hong Kong ("**Yudo Qingdao HK**") through which we hold our equity interest in Yudo (Qingdao) Hot Runner System Co., Ltd., a company incorporated under the laws of the PRC ("**Yudo (Qingdao)**"). Therefore, we went through a reorganization for Yudo Qingdao HK in 2026. See "History, Development and Corporate Structure — Corporate Structure." Abiman HK, one of our Controlling Shareholders, executed a deed of indemnity in favour of our Company and Yudo (Qingdao) pursuant to which it has undertaken to indemnify our Group against any potential penalties, financial losses arising from such incident. As of the Latest Practicable Date, we had not received any notification, order or penalty from the relevant PRC authorities in respect of such matter. Based on the foregoing, our Directors believe, and our PRC Legal Advisor concurs, that such matter would not have a material adverse effect on our business and operation. However, we cannot assure you that the relevant PRC regulatory authorities will not impose any penalties in the future and if imposed will be fully recovered under the deed of indemnity.

In addition, we may not be informed of the identities of all PRC residents holding direct or indirect interests in our group companies, and we cannot compel our beneficial owners to comply with the requirements of SAFE Circular 37 and other related regulations. Any failure by such shareholders or beneficial owners to comply, or any failure by us to amend the foreign exchange registrations of our PRC subsidiaries in time or at all, could subject us or the relevant PRC residents to fines or legal sanctions, restrict our overseas or cross-border investment activities, and limit our PRC subsidiaries' ability to make distributions or pay dividends to us or to increase their registered capital, which could materially and adversely affect our business, financial condition, results of operations and prospects.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies including the registration of foreign debt and security and governmental control of currency conversion may delay or prevent the Company from using the net [REDACTED] from the [REDACTED] or other financing to make loans or additional capital contributions to the Company's PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We conduct a substantial portion of our operations in China through our PRC subsidiaries. The Company may transfer funds to its PRC subsidiaries by way of loans or capital contributions, in each case subject to PRC regulations. Any loans by the Company to its PRC subsidiaries are treated as loans to foreign-invested enterprises under PRC law and are subject to statutory limits — namely, the difference between the total amount of investment and the registered capital of the relevant subsidiary, or an amount calculated with reference to its capital or net assets and the applicable cross-border financing leverage ratio under the "macro-prudential management" regime — and must be registered with the local counterpart of SAFE or filed with SAFE through its information system. Any medium- or long-term loan provided by the Company to its PRC subsidiaries must also be registered with the NDRC. Capital contributions to our PRC subsidiaries are subject to record-filing procedures with the competent administration for market regulation and reporting through the relevant enterprise registration system, and the settlement and use of foreign currency-denominated registered capital are regulated under applicable SAFE circulars, including restrictions on the use of such funds for purposes outside the approved business scope or for loans to non-affiliated enterprises.

In light of the various requirements imposed by PRC regulations on loans to, and direct investments in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary registrations or filings on a timely basis, or at all, with respect to any future loans or capital contributions by the Company to its PRC subsidiaries. If we fail to complete such registrations or filings, our ability to use the net **[REDACTED]** from the **[REDACTED]** to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business. For example, under certain facility agreements we entered into, the extension of the maturity of the term loan is conditional upon, among other things, our obtaining a certificate of registration of foreign debt from the NDRC, and we are required to complete the registration with SAFE of the guarantees and pledges provided after the drawdown of the loans. We cannot assure you that we will be able to complete such registrations within the expected timeframe, or at all. If we fail to do so, we may be required to repay the loans earlier than expected and may need to seek alternative financing, which may not be available on commercially acceptable terms, or at all.

We are subject to Korean fair trade laws and regulations, and may be exposed to close scrutiny by the Korean tax authorities.

We are prohibited from engaging in unfair trade practices under the Monopoly Regulation and Fair Trade Law of Korea (the "**FTL**") and are subject to the oversight and supervision of the Korea Fair Trade Commission (the "**KFTC**"). We must not abuse a superior bargaining position vis-a-vis our counterparties or otherwise engage in unfair trade practices within the meaning of the FTL, and we must not unfairly exclude competitors from the market through our transactions. We engage in various transactions with our subsidiaries and affiliates in Korea, and our business relationships and transactions with such companies are subject to scrutiny by the KFTC as to, among other things, whether such relationships and transactions constitute undue financial support among companies in the same business group. If we are found to have violated applicable Korean fair trade laws and regulations, we may be subject to corrective measures, administrative and/or criminal dispositions, surcharges or other enforcement actions.

Further, our transactions with our subsidiaries and affiliates in Korea are subject to close scrutiny by the Korean tax authorities. If the Korean tax authorities determine that any of our related-party transactions were not conducted on arm's length terms consistent with those applicable to transactions with unrelated third parties, they may impose additional taxes on us and/or our subsidiaries and affiliates in Korea. Any of the foregoing may materially and adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, an active [REDACTED] market for our Shares may not develop or be sustained, and their [REDACTED] and volume may fluctuate significantly.

Prior to the **[REDACTED]**, there has been no public market for our Shares. The **[REDACTED]** for our Shares is the result of negotiations between us and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), which may not be indicative of the price at which our Shares will be traded following the completion of the **[REDACTED]**. The market price of our Shares may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**. There can be no guarantee that an active **[REDACTED]** for our Shares will develop or be sustained after the completion of the **[REDACTED]**. If an active public market for our Shares does not develop or cannot be sustained following the completion of the **[REDACTED]**, the market price, liquidity and **[REDACTED]** of our Shares could be materially and adversely affected, and you may not be able to resell your Shares at or above the **[REDACTED]**, or at all.

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

The **[REDACTED]** of our Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies in the same and in similar industries that have listed their securities in Hong Kong may affect the volatility in the prices of and **[REDACTED]** for our Shares. The share price of some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The **[REDACTED]** of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment toward companies listed in Hong Kong and consequently may impact the **[REDACTED]** of our Shares. These factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

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

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in unaudited **[REDACTED]** consolidated net tangible asset value. 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 that is lower than the net tangible asset value per Share at that time.

Future sales or perceived sales of a substantial amount of our Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing market price of our Shares.

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

If securities or industry analysts cease to publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price for our Shares and [REDACTED] could decline.

The **[REDACTED]** for our Shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our Shares, the market price for the Shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or **[REDACTED]** for our Shares to decline.

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

Immediately following the completion of the **[REDACTED]**, our Controlling Shareholders will hold approximately **[REDACTED]**% of the issued share capital of our Company, assuming the **[REDACTED]** is not exercised. Accordingly, our Controlling Shareholders have, and will continue to have, substantial influence over our business and corporate matters requiring Shareholders' approval, including the election of Directors, the approval of mergers, acquisitions and other significant corporate transactions, the amendment of our constitutional documents and the payment of dividends.

The interests of our Controlling Shareholders may differ from, and may not be aligned with, the interests of our other Shareholders. Our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders. In addition, this concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company, and may reduce the market price of our Shares. These actions may be taken even if they are opposed by our other Shareholders.

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

This document, particularly the section headed "Industry Overview," contains certain facts, forecasts and statistics relating to the economies of the markets in which we operate and the industries in which we participate that are derived from various publicly available official government sources and other third-party sources, including a report commissioned by us from F&S. We believe that the sources of such information are appropriate, and we have taken reasonable care in extracting and reproducing such information. However, information derived from official government and other third-party sources has not been independently verified by us, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, any of their respective directors, officers, employees, agents or advisers, or any other persons or parties involved in the **[REDACTED]**, and no representation is given as to the accuracy or completeness of such information. Such facts, forecasts and statistics may not be prepared on a comparable basis, may not be consistent with other information compiled within or outside the jurisdictions concerned, and may not be accurate, complete or up to date. You should therefore not place undue reliance on such information in making your investment decision.

Our historical dividends may not be indicative of our future dividend policy, and we cannot assure you that we will declare and distribute any dividends in the future.

We have declared and paid dividends in the past. However, our historical dividends should not be taken as indicative of our dividend policy in the future, and there is no assurance that dividends of any amount will be declared or distributed in any year in the future. The declaration, payment and amount of any future dividends will be at the discretion of our Board and will depend upon, among other things, our earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements, contractual restrictions (if any), applicable laws and regulations and any other factors that our Directors may consider relevant, and any declaration of final dividends will be subject to the approval of our Shareholders. The ability of our subsidiaries to distribute funds to us is also subject to the laws and regulations of the jurisdictions where they operate. See "— Risks Relating to the Jurisdictions Where We Operate — Payment of dividends is subject to laws and regulations in regions where we operate."

This document contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate and are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking, including statements identified by forward-looking terminology such as "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and similar expressions, including statements relating to our plans, objectives, expectations and intentions. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate, and involve known and unknown risks, uncertainties and other factors, including the risk factors set out in this section, many of which are beyond our control. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties, and that any or all of the underlying assumptions could prove to be inaccurate, as a result of which the forward-looking statements based on those assumptions could also be incorrect and our actual performance may differ materially from that expressed or implied by such statements. 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. Subject to the requirements of the Listing Rules and applicable laws, we do not undertake any obligation to update or otherwise revise any forward-looking statement 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, and all forward-looking statements in this document are qualified by reference to the cautionary statements set out in this section and in "Forward-Looking Statements."

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

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

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

[REDACTED]

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the **[REDACTED]**. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement, circular and/or independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details, please see the section headed "Connected Transactions" in this document.

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Yu Sung Jin	15 Ardmore PK #04-03 Singapore 259959	Korean
Mr. Lee Sang Yeol Tommy	BP5, 1-3/F BLK B, Mount Pavilia 663 Clearwater Bay New Territories Hong Kong	Korean
Mr. Yu Dong Jin	9 Ardmore PK #26-02 Singapore 259955	Korean
Mr. Kwon Yohan	Flat G, 10/F Banyan Mansion Taikoo Shing 24 Taikoo Wan Road Hong Kong	Korean
Independent Non-executive Directors		
Mr. Kim Dong Eon	Flat G, 9/F Lotus Mansion Taikoo Shing 6 Taikoo Wan Road Hong Kong	Korean
Ms. Kim Mi Young	Flat A, 2/F Ellen Building Nos. 192-198 Shau Kei Wan Road Hong Kong	Korean
Mr. Ban Kiwon	8D, Tower 2A Grand Marini Tseung Kwan O New Territories Hong Kong	Korean

Further information about our Directors, see section headed "Directors and Senior Management" to this document.

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

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

[REDACTED]

[REDACTED]

Legal Advisors to the Company

As to Hong Kong and U.S. laws:
Baker & McKenzie
14th Floor, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

As to Hong Kong laws in respect of matters relating to the business operations of our Company in Hong Kong
H.Y. Leung & Co. LLP
Units 2202-06, 22/F
Office Tower of Convention Plaza
1 Harbour Road
Hong Kong

As to the U.S laws in respect of matters relating to the business operations of our Company in the U.S
Law Offices of Bin Li & Associates
730 N. Diamond Bar Blvd.
Diamond Bar, CA 91765
United States

As to Korean laws in respect of matters relating to the business operations of our Company in Korea
KIM & CHANG
39, Sajik-ro 8-gil
Jongno-gu
Seoul 03170, Korea

	As to Japanese laws in respect of matters relating to the business operations of our Company in Japan **Baker & McKenzie (Gaikokuho Joint Enterprise)** Ark Hills Sengokuyama Mori Tower 28F 1-9-10 Roppongi, Minato-ku Tokyo 106-0032, Japan *As to PRC law:* **Haiwen & Partners** 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District, Beijing PRC
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Slaughter and May** 47/F, Jardine House One Connaught Place Central Hong Kong *As to PRC law:* **Tian Yuan Law Firm** Suite 509, Tower A Corporate Square 35 Financial Street Xicheng District Beijing PRC
Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants and Registered Public Interest Entity Auditor* 22/F Prince's Building Central Hong Kong
Compliance Adviser	**Fosun International Capital Limited** 2101-2015 21/F, Champion Tower 3 Garden Road Central Hong Kong
Industry Consultant	**Frost & Sullivan Limited** Unit 3006, 30/F Two Exchange Square 8 Connaught Place Central Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office, corporate headquarters and principal place of business in Hong Kong	Room B, 15/F, Everwin Centre 72 Hung To Road, Kwun Tong Kowloon Hong Kong
Company's Website	**www.yudo.com** *(A copy of this document is available on the Company's website. The contents on this website do not form part of this document)*
Company Secretary	Ms. Tong Ka Kei (湯家錡女士) (*ACG, HKACG*) 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Ms. Tong Ka Kei (湯家錡女士) (*ACG, HKACG*) 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong Mr. Kwon Yohan Flat G, 10/F Banyan Mansion Taikoo Shing 24 Taikoo Wan Road Hong Kong
Audit Committee	Mr. Kim Dong Eon (*chairperson*) Ms. Kim Mi Young Mr. Ban Kiwon
Nomination Committee	Ms. Kim Mi Young (*chairperson*) Mr. Lee Sang Yeol Tommy Mr. Yu Dong Jin Mr. Kim Dong Eon Mr. Ban Kiwon
Remuneration Committee	Mr. Ban Kiwon (*chairperson*) Mr. Lee Sang Yeol Tommy Mr. Yu Dong Jin Mr. Kim Dong Eon Ms. Kim Mi Young

[REDACTED]

Principal Bank

Hang Seng Bank
83 Des Voeux Road Central
Central
Hong Kong

Industrial Bank of Korea
661-3, Pureundeulpan-ro
Paltan-myeon, Manse-gu
Hwaseong-si, Gyeonggi-do
Korea

China Construction Bank Corporation
No.2, Yingbin Road
Luzhi Town, Wuzhong District
Suzhou, Jiangsu Province
PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the **[REDACTED]**. *We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors,* **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, *any of their respective directors and advisers, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy.*

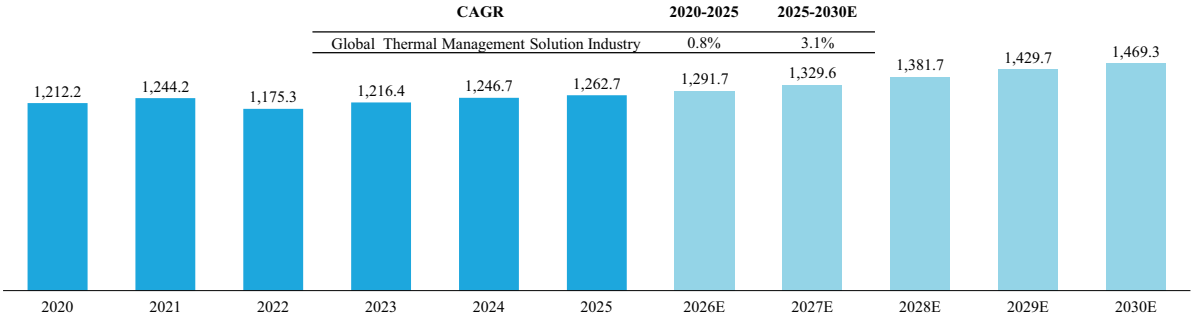
OVERVIEW OF GLOBAL THERMAL MANAGEMENT SOLUTION INDUSTRY

Definition and Classification of Thermal Management Solution

Thermal energy is one of the most widely utilized forms of energy in modern manufacturing, employed to maintain designated temperatures throughout raw material preparation, shaping, and curing processes in the production of final products. Thermal energy is compatible with a wide range of raw materials, and is extensively utilized in the majority of manufacturing processes, such as injection molding, foam molding, metal die casting and so on. A thermal management solution in manufacturing is an integrated engineering system that controls heat generation, heat conduction and controlled cooling to maintain operational temperatures at designed level, across the main stages of a manufacturing process.

In terms of revenue, the market size of the global thermal management solution industry increased from US$1,212.2 billion in 2020 to US$1,262.7 billion in 2025, representing a CAGR of 0.8%. In 2022, the impact of the pandemic and increasingly fierce market competition struck the global manufacturing industry and resulted in a slight decline in the market size of the global thermal management industry. However, the market has gradually returned to a stable growth trend since 2023. The market size is expected to reach US$1,469.3 billion in 2030, representing a CAGR of 3.1% from 2025 to 2030, underpinned by industrial automation, intensifying energy efficiency requirements and the proliferation of manufacturing technologies related to precision thermal management.

Market Size of Global Thermal Management Solution Industry in terms of Revenue, USD in Billion (2020-2030E)



Source: Frost & Sullivan

OVERVIEW OF GLOBAL PRECISION THERMAL MANAGEMENT SOLUTION INDUSTRY

Definition and Market Size of Global Precision Thermal Management Solution Industry

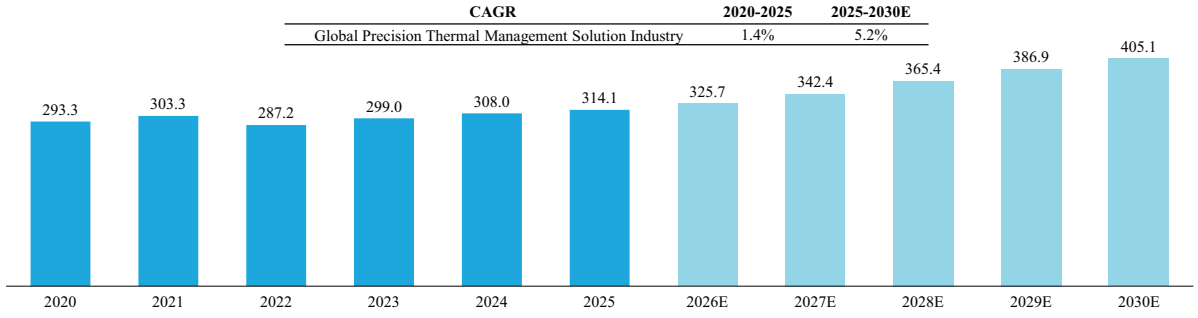
Nowadays, modern manufacturing places increasingly high demands on establishing manufacturing processes at a high level of precision, driven by increasingly stringent quality standards, the minimization of waste, rapid turnaround times, and the demand for consistent production at scale. This is especially critical in manufacturing processes that utilize thermal energy, where maintaining thermal balance at a designed level is the key to production efficiency, accuracy and yield.

Temperature fluctuations during the manufacturing process can have a significant impact on the production of the final product. To address this, precision thermal management solutions primarily focus on dynamic thermal control at the precision level, which involves real-time temperature monitoring and corresponding temperature adjustment throughout the manufacturing processes, typically maintaining temperature differences within a very narrow range. Such solutions are generally applied to manufacturing processes with temperatures not exceeding 500°C, within which precise thermal management can be practically achieved. In the comparison, coarse thermal management solutions mainly rely on operator's experience to control temperature in manufacturing process, and it is suitable for manufacturing processes that merely require amount of heat into production and don't have strict requirements on maintaining temperature within designed range.

Compared with coarse thermal management, precision thermal management offers several advantages in manufacturing processes: (1) in terms of thermal efficiency, precision thermal management delivers energy on demand, avoiding overshoot and heat losses caused by sustained heating of non-targeted areas; (2) in terms of heating uniformity, precision thermal management ensures consistent temperature distribution across molds or heating zones, improving product consistency; (3) in terms of material waste, precision thermal management reduces the likelihood of under-sintering, over-sintering, stress cracking and uneven coating, thereby lowering scrap rates.

Precision thermal management solutions have been growing as an increasingly important market segment within the global thermal management solution industry. A growing number of industry customers are favoring the adoption of precision thermal management solutions for their manufacturing processes, driven by cost reduction and improved efficiency enabled by its superior thermal management capabilities. In recent years, the industry is witnessing a clear transition from coarse thermal management to precision thermal management, as an increasing number of manufacturing processes that previously relied on coarse thermal management solutions are now beginning to adopt precision thermal technology. For example, consumers are increasingly demanding lighter and more complex designs in footwear, and precision thermal management processes are well-suited to meet this market trend. The manufacturing of footwear midsoles is shifting from traditional chemical foaming and compression molding to physical-foaming injection molding, achieving superior production performance and higher production efficiency. In addition, aluminum die casting is increasingly incorporating HRS, which consolidates melting and injection into a single controlled stage to streamline the process. And the HRS utilizes precision thermal management to ensure uniform melt flow and superior cavity filling, thereby reducing material waste. In terms of revenue, the market size of the global precision thermal management solution industry increased from US$293.3 billion in 2020 to US$314.1 billion in 2025, representing a CAGR of 1.4%, and is expected to reach approximately US$405.1 billion by 2030, representing a CAGR of 5.2% from 2025 to 2030.

Market Size of Global Precision Thermal Management Solution Industry in terms of Revenue, USD in Billion, 2020-2030E



Source: Frost & Sullivan

OVERVIEW OF GLOBAL PLASTIC INJECTION MOLDING INDUSTRY

Definition of Global Plastic Injection Molding Industry

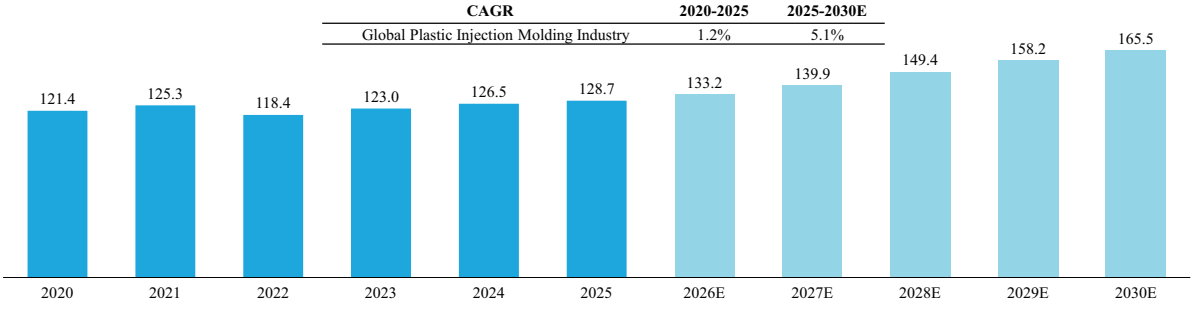
Injection molding is one of the most widely used processes in plastic production, accounting for nearly 40% of plastic production. Plastic injection molding refers to a manufacturing process in which plastics are heated to a molten state, injected into a mold cavity, and subsequently cooled and solidified to form finished products.

In the plastic injection molding industry, there are various key participants that collectively provide the equipment necessary to enable the plastic injection molding process to operate appropriately. The principal equipment includes: (1) Injection Molding Machine, is a manufacturing apparatus that melts plastic and injects the molten material under controlled pressure into a closed mold cavity or HRS; (2) Mold (also referred to as a tool), is an engineered assembly of metal components that defines the shape and dimensions of the molded part. It consists of two or more mating halves—typically a stationary half mounted on the fixed platen and a moving half mounted on the movable platen—which together form the mold cavity and core; (3) HRS is incorporated with the mold to convey molten material from the nozzle to the cavity. Its primary function is to optimize melt flow, control temperature and pressure throughout the process, from raw material preparation to cooled to form a solid part of the desired geometry; and (4) Auxiliary equipment comprises a range of supporting devices, such as auxiliary injection units (AIU), temperature controllers, drying machines, and material handling systems, which ensure the stability and efficiency of the production process.

Market Size of Global Plastic Injection Molding Industry

The global plastic injection molding industry serves a wide range of end-use sectors, and in recent years its primary growth drivers have been the increasing demand for lightweight components, the growing complexity of product designs, and the accelerating shift toward environmentally friendly materials and processes, further reinforced by increasingly stringent sustainable packaging regulations. In terms of revenue, the market size of the global plastic injection molding industry increased from US$121.4 billion in 2020 to US$128.7 billion in 2025, representing a CAGR of 1.2%, and is expected to reach approximately US$165.5 billion by 2030, representing a CAGR of 5.1% from 2025 to 2030.

Market Size of Global Plastic Injection Molding Industry in terms of Revenue, USD in Billion, 2020-2030E

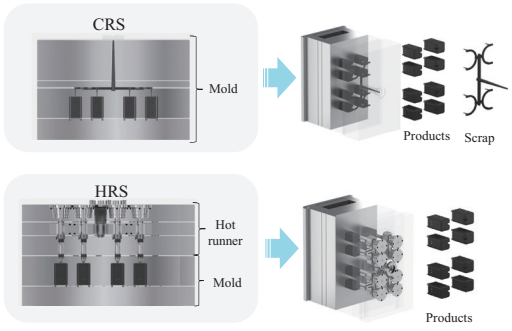


Source: Frost & Sullivan

Comparison between HRS and CRS

There are two melt delivery configurations. (1) CRS refers to mold without additional component, in which convey molten plastic from the injection molding machine to the mold cavities. (2) HRS is mainly composed of nozzles, manifold, cylinder and connectors. It is incorporated with the mold to maintain the runner channels and nozzles at a designated temperature continuously, thereby ensuring that the molten material within the runner remains in a fluid state and allowing it to be injected directly into the mold cavities without solidifying in the runner.

Configuration of HRS and CRS



Source: Frost & Sullivan

In general, the CRS is typically simpler in design, lower in initial cost, and easier to maintain than the HRS; however, it generates more material waste and may require longer cycle time due to the additional cooling and handling requirements. By comparison, the HRS exhibits the features of higher material utilization, shorter cycle time, higher initial investment but also higher production efficiency, and higher design complexity. The HRS offers greater control over thermal management throughout the injection molding process, making it suitable for products with complex designs, refined manufacturing requirements, and large-scale production. The following table sets forth the comparison analysis between HRS and CRS:

Comparison Analysis Between HRS and CRS

Technology Benchmarking	HRS	CRS
Operating Principle	The HRS is integrated with mold to maintain designed temperature to ensure accurate distribution and injection of molten materials.	The CRS conveys molten plastic from the injection molding machine to the mold cavities.
Material Utilization	**Higher material utilization** Continuous heating ensures that the molten material within the runner remains in a fluid state, allowing it to be injected directly into the mold cavities without solidifying in the runner. Consequently, no runner scrap is produced, material utilization is improved.	**Lower material utilization** The molten material within the runner solidifies simultaneously with the molded part during each cooling cycle, and consequently, runner scrap is typically produced.
Cycle Time	**Shorter cycle time** Since the plastic in the runner remains molten at all times, the product only needs to be cooled when the mold is opened and the product ejected; there is no need to wait for the runner to solidify.	**Longer cycle time** With each injection, the plastic in the mold must cool and solidify along with the product before it can be ejected, after which the next injection molding cycle can begin.
Investment Cost	**Higher initial cost** The precision components (for example, manifold and nozzle) of HRSs increase investment costs, but HRSs offer higher production efficiency.	**Lower initial cost** Cold systems have a simpler structure and lower investment costs.
Heating Consistency	**Stable in the molten state** Stable melt temperature, balanced filling across cavities.	**Unstable in the molten state** Heat loss in mold; easy to form cold slugs, unbalanced filling
Multi-component Application	**Support for multi-component application** Using an auxiliary injection unit, multi-color molding, and multi-material production can be achieved through multi-component molding.	**Restrictions on multi-component application** Due to structural limitations, it is more difficult to use cold systems for multi-color or multi-material injection molding.
Design Complexity	**High design complexity** The manifold requires carving to ensure consistent filling pressure and temperature in each cavity; The nozzle is designed to meet more stringent temperature control requirements.	**Low design complexity** Simple structure; no need for heater and temperature controllers.

Source: Frost & Sullivan

The application of HRS within plastic injection molding is expected to continue to increase, for the following reasons: (1) High-volume production, typically exceeding several hundred thousand shots per annum, makes the upfront investment in HRS increasingly economical through per-cycle savings generated by the elimination of runner scrap and reduced cycle times; (2) Stricter surface and gate quality requirements for customer-facing parts favor valve gate HRS; (3) The growing use of multi-cavity precision molds in medical, electronics and home appliance, and automotive applications requires the balanced melt distribution that CRSs often difficult to achieve; (4) Large, thin-walled, long-flow or asymmetric parts favor sequential valve gate HRS, which allows individual gates to open and close in a controlled sequence.

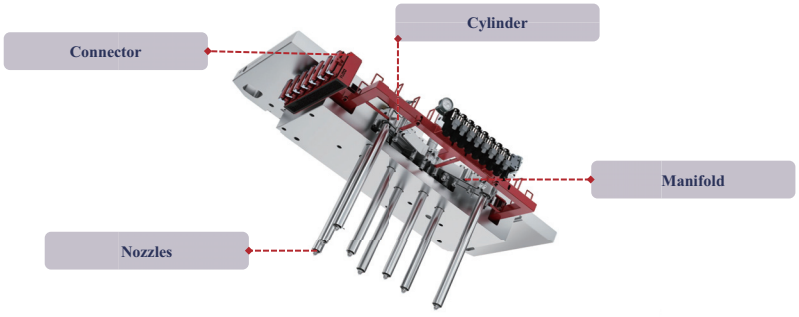
An increasing number of products previously manufactured using CRS are transitioning to HRS, such as contact lenses and PVC pipes. In these cases, the HRS enables higher production efficiency through expanded multi-cavity output, eliminates runner scrap and related recycling or landfill burdens, shortens cycle time, improves product quality and consistency, and supports easy scaling and automation, thereby driving the shift from CRS to HRS.

OVERVIEW OF GLOBAL HRS INDUSTRY

Definition and Key Components of HRS

The HRS is a precision-engineered assembly specialized in thermal management within the manufacturing process. In its application to plastic injection molding, the HRS continuously regulates temperature to maintain the molten material in a fluid state throughout the process and to control the flow of molten material, which is ultimately injected directly into the mold cavities. HRS mainly composed of: (i) Nozzle, is the final melt delivery component that receives molten material from the manifold and injects the molten materials into the mold cavities; (ii) Manifold, receives molten material from the injection machine and distributes the molten materials to individual nozzle; (iii) Cylinders, to control the molten materials flow through the nozzles; and (iv) Connectors, to provide the functionality to the system. In addition to the key components mentioned above, the HRS is usually used in conjunction with other equipment in practical operation, such as temperature controller, sequential controller, valve pin controller, real-time monitor and more.

Key Components of HRS



Source: Frost & Sullivan

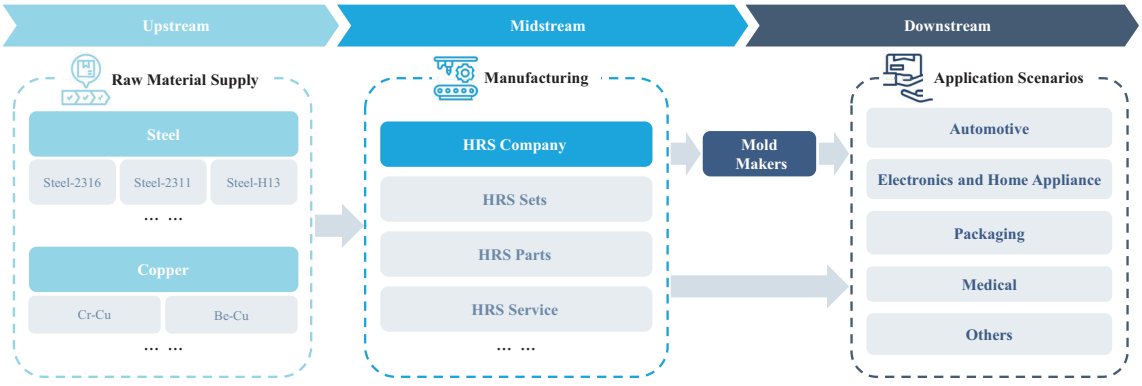
Value Chain of Global Hot Runner System Industry

The upstream of the value chain provides raw materials for HRS. Steel and copper are the primary materials for HRS, since steel offers high strength and wear resistance for structural components such as manifolds and nozzles, while copper provides excellent thermal conductivity for efficient heat conduction and temperature uniformity.

The midstream is the most important segment in the value chain, consisting of HRS companies. The vast majority of these companies primarily manufacture HRS sets, while a few leading companies with strong R&D and manufacturing capabilities, as well as comprehensive solution-providing abilities, also produce HRS parts and offer services. These services include technical advice on system selection, mold compatibility, and process optimization, as well as data-driven and simulation support, along with after-sales service covering maintenance, troubleshooting, and spare parts supply. Through these activities, HRS companies provide solutions directly to downstream manufacturers of end products or parts across various industries. In addition, they also sell HRS to mold makers, who then integrate the HRS into molds before supplying products and services to those downstream manufacturers of end products or parts, where the HRS company is mainly designated by the manufacturers of end products or parts to design and manufacture HRS according to customized requirements.

The downstream covers application scenarios such as automotive, electronics and home appliances, packaging, medical and others. These sectors impose distinct requirements that drive customization and technological advancement in the midstream. The manufacturers of end products or parts in the down stream mainly include OEMs and Tier 1 suppliers. OEMs are the final manufacturers of end products, while Tier 1 suppliers operate as their direct suppliers of components or systems.

Value Chain of Global HRS Industry



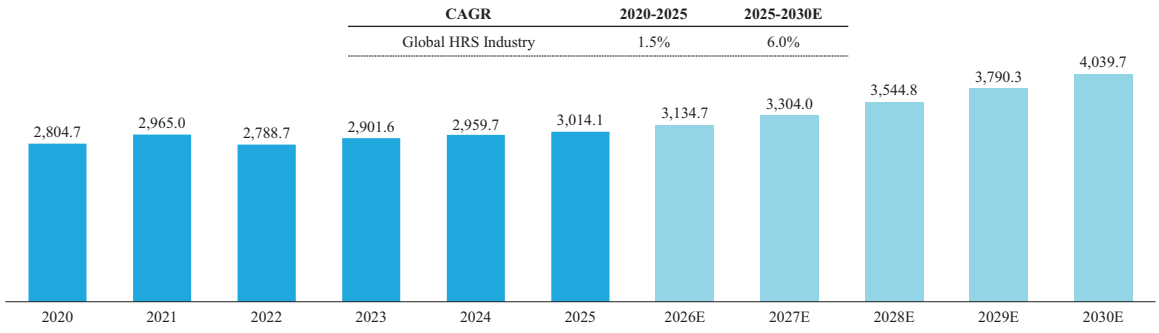
Source: Frost & Sullivan

Market Size of Global HRS Industry

The global HRS market experienced relatively moderate revenue growth from 2020 to 2025. During this period, market volume continued to increase, driven by the growing adoption of HRS across various end-use industries, but revenue growth was partially offset by declining average selling prices, mainly due to intensified market competition, while leading players are able to maintain healthy profitability through technological maturity and economies of scale, and this diversified price structure further supports the projected increasing adoption of HRS by improving affordability for a broader customer base. In 2022, due to the impact of the pandemic, geopolitical conflicts, and increasingly fierce price competition, the consumer demand in downstream application scenarios such as electronics and packaging was affected, resulting in a slight decline in the market size of the global HRS industry, but the market returned to stable growth trend from 2023 to 2025.

Looking ahead, the market is expected to enter a faster growth phase, primarily driven by the continued substitution of CRSs by HRS across automotive, packaging, electronics and home appliance, and medical applications; as HRS penetration continues to increase and price pressure gradually stabilizes, growth in market volume is expected to translate more directly into revenue expansion. In terms of revenue, the market size of the global HRS industry increased from US$2,804.7 million in 2020 to US$3,014.1 million in 2025, representing a CAGR of 1.5%, and is expected to reach approximately US$4,039.7 million by 2030, representing a CAGR of 6.0% from 2025 to 2030.

Market Size of Global HRS Industry in terms of Revenue, USD in Million, 2020-2030E

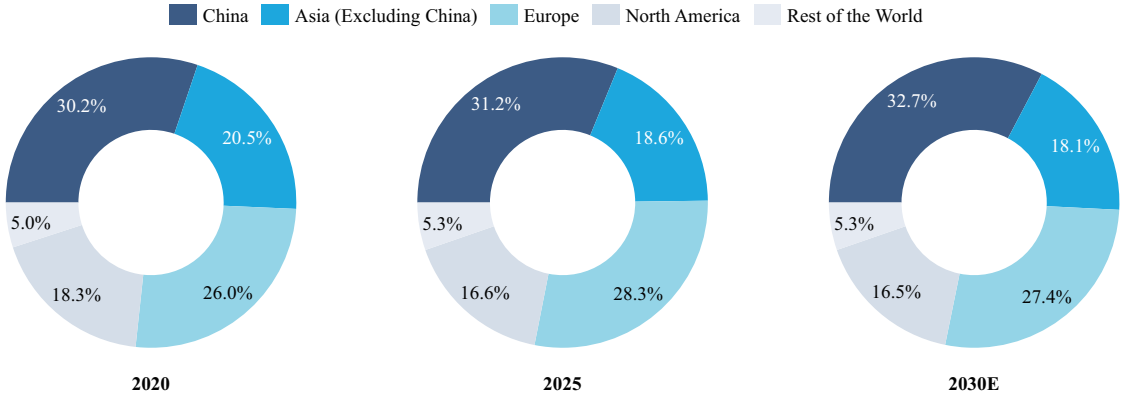


Source: Frost & Sullivan

Market Segments of Global HRS Industry by Region

In 2025, China accounted for 31.2% of the global HRS market by revenue, followed by Europe (28.3%), Asia excluding China (18.6%), North America (16.6%) and the rest of the world (5.3%). Asia dominates the global market, supported by its well-established plastic injection molding supply chain, extensive manufacturing activities and sustained cost advantages; China, as the world's largest manufacturing hub and a major demand center, has driven the widespread adoption of HRS through large-scale production across the automotive, electronics and home appliance industries. This position is reinforced by rapid growth end customers who adopted HRS in their manufacturing process, that simulated by both of local companies and the expanding presence of international companies in China, while China's manufacturing ecosystem is able to meet dynamic customer demands in terms of design, turnover time and quality assurance. These factors have accelerated the application of HRS into broader manufacturing scenarios through more competitive pricing. North America shows steady growth from manufacturing reshoring and demand for high-precision medical and automotive applications, moderated by its mature industrial base and cyclical automotive industry; Europe is expected to maintain stable growth as energy costs and environmental regulations shift demand towards energy-efficient and waste-minimizing HRS; and the rest of the world offers high growth potential but remains under-penetrated.

Global HRS Industry, breakdown by Regions (2020/2025/2030E)



Source: Frost & Sullivan

Note:

(1) The proportions are calculated by dividing the market size of each regions by the market size of the global HRS industry.

Market Segments of Global HRS industry by Application Scenario

Nowadays, HRS are increasingly applied in the plastic injection molding of various sectors, including automotive, electronics and home appliance, packaging, medical and others.

Automotive: In the automotive sector, HRS are used to produce exterior body parts, interior components, lighting lenses, and functional parts such as engine covers. HRS enable the manufacturing of lightweight yet durable plastic parts by maintaining precise melt temperature and flow control, ensuring consistent part quality and structural integrity essential for automotive safety and performance requirements. In addition, HRS support complex design and fast turn-over, allowing automotive manufacturers to meet evolving styling requirements and shorten production cycles.

Electronics and home appliance: In the electronics and home appliance sectors, HRS are used to produce functional parts and covers for consumer electronics and home appliance products, such as device housings, connectors, and structural components. Its ability to achieve tight tolerances and superior surface finish is particularly critical for miniaturized electronic components and visible appliance surfaces, where consistent gating and minimal gate vestige are essential for both functional performance and aesthetic.

Packaging: In the packaging sector, HRS are used to produce containers, wrappers, and other primary packaging that holds commodities enclosed for final consumption, such as bottle caps, closures, and lids. These systems offer significant economic advantages through the elimination of material waste, faster cycle times, and consistent part quality across multi-cavity molds, making them particularly suitable for cost-sensitive, high-throughput packaging applications where production efficiency directly impacts competitiveness.

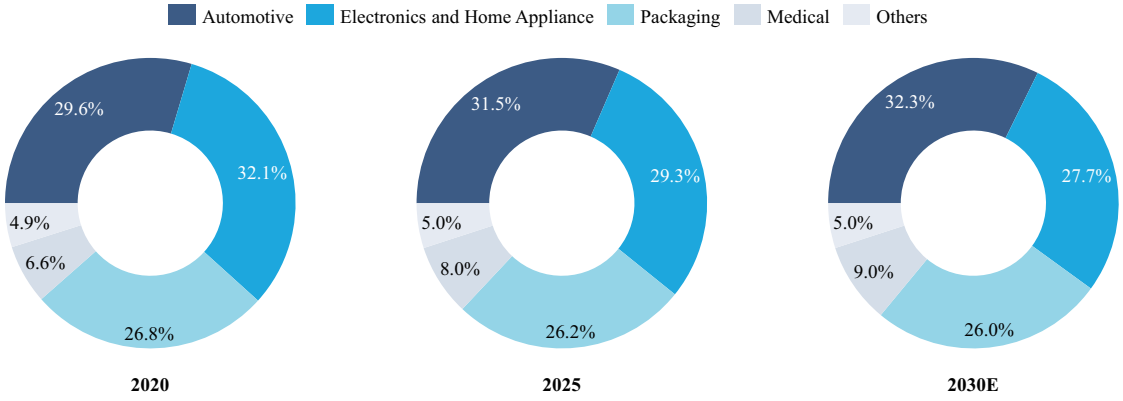
Medical: In the medical sector, HRS are used to produce certain functional parts and covers for medical consumables, medical devices and other medical products, such as syringes, inhalers, IV components, and surgical instruments. The technology ensures strict quality standards demanded by healthcare applications—including dimensional accuracy, repeatability, and cleanliness.

Others: HRS also find diverse applications in the industrial sector for producing critical components including connectors, valves, gears, and enclosures, where consistent quality and dimensional accuracy are paramount. Additionally, HRS are applied in the production of precision instruments, toys, and various consumer goods.

In 2025, the automotive industry represented the largest application segment of the global HRS market, accounting for 31.5% of the market by revenue, followed by electronics and home appliances (29.3%) and packaging (26.2%); collectively, these three segments accounted for approximately 87.0% of the market. The medical segment accounted for 8.0% of the market and, despite its relatively smaller scale, typically involves high-value-added precision injection molding applications with customer stickiness.

Overall, demand for HRS is closely associated with three major industry trends. First, the rapid growth of new energy vehicles (NEVs), with global production volume in 2025 nearly 10 times that of 2020, the increasing weight of batteries and higher driving-range expectations that have made lightweighting extremely important, and the fast pace of NEV model launches that has intensified the demand for rapid tooling changeovers, collectively make the automotive industry a key application scenario driving the expansion of the hot runner market. Second, increasing precision requirements in consumer electronics, particularly for miniaturized components and visible housings, continue to shape demand for HRS with tight tolerances and superior surface finish. Third, the adoption of high-cavity molds in packaging applications also continue to shape demand, while requirements for high-speed production, thin-wall lightweight packaging and compatibility with recycled plastics are intensifying both technological innovation and cost competition.

Global HRS Industry, breakdown by Application Scenarios (2020/2025/2030E)



Source: Frost & Sullivan

Note:

(1) The proportions are calculated by dividing the market size generated from each application scenario by the market size of the global HRS industry.

Market Drivers of Global HRS Industry

- **Expansion across diversified application scenarios.** The global HRS market is propelled by the expanding application scope across multiple high-demand sectors. Each of these industries continuously introduces new products with increasingly complex designs, tighter tolerances and higher performance expectations, all of which demand advanced molding solutions. As manufacturers across these fields seek to improve production efficiency and part quality, the adoption of HRS becomes a strategic necessity, creating a broad and resilient demand base.

- **Increasing demand for production efficiency, cost reduction and quality.** HRS significantly minimizes material waste by eliminating the cold runner, leading to substantial raw material savings, while enabling faster cycle times and precise temperature control which ensures uniform part quality and minimizes defects. This combination of economic and qualitative benefits makes it indispensable for manufacturers of end products or parts seeking to maintain competitiveness and meet stringent industry standards.

- **Continuous technological advancements and innovation.** Ongoing technology innovations in HRS are expanding its capabilities and efficiency, including advanced temperature control systems for superior thermal uniformity, smart diagnostics for predictive maintenance and modular designs for faster mold changeovers. These technological strides directly address the rising complexity of modern plastic parts, making HRS the preferred choice for demanding applications while improving system reliability and overall operational performance.

- **Advancing multi-material and co-injection capabilities.** The industry is seeing growing demand for multi-material and co-injection processes that combine materials with different properties or colors. These processes require HRS with precise, independent thermal control for each material channel, along with specialized valve gate sequencing and melt separation to prevent cross-contamination. HRS companies are advancing co-injection and multi-shot processing, allowing molders to achieve complex part functionality in fewer production steps while maintaining material integrity and surface quality.

- **Growing focus on sustainability and material efficiency.** Mounting regulatory pressures and corporate sustainability pledges are accelerating the shift toward environmentally responsible manufacturing. The ability of HRS to eliminate runner scrap aligns with global circular economy goals, and the increasing use of bio-based, recycled and other advanced engineering resins necessitates HRS capable of handling varying material rheology without degradation, making sustainability not just a compliance measure but a key driver for adopting advanced hot runner system.

Future Trends of Global HRS Industry

- **Increasing system intelligence and digital integration.** The industry is shifting toward smarter HRS equipped with advanced sensors and real-time monitoring capabilities. Modern systems are increasingly integrated with digital manufacturing platforms, enabling predictive maintenance, process traceability and automated adjustments to compensate for environmental or material variations, allowing manufacturers to achieve better process stability and quality assurance while improving efficiency.

- **Growing demand for customization and modularization.** Customers are increasingly requiring HRS tailored to specific applications, materials and production constraints, driving the industry toward greater customization and modular design. Modular architectures allow mold makers to configure systems with interchangeable components that can be adapted to different part geometries without entirely retooling, reducing lead times and inventory costs while enabling rapid response to changing market demands.

- **Focus on processing emerging and sustainable materials.** The global trend for sustainability is reshaping material selection across application scenarios. Recycled content, bio-based polymers and chemically modified resins often exhibit different thermal behavior, flow characteristics and degradation thresholds compared with virgin standard grades, and hot runner system is evolving accordingly, with improved thermal separation, corrosion-resistant flow components and optimized gate designs, to process these materials reliably without compromising part quality.

- **Accelerating global footprint expansion.** As manufacturing activity increasingly shifts to emerging economies with growing consumer bases and industrial infrastructure, HRS companies are expanding their global footprints to provide localized technical support, faster delivery and region-specific solutions. Establishing service networks and local manufacturing capacities enables closer collaboration with mold makers and manufactures of end products, mitigates supply chain risks and positions companies to capture growth in rapidly industrializing regions.

Entry Barriers of Global HRS Industry

- **Technology barrier.** The leading HRS companies are distinguished by their technological expertise in precision thermal control, including balanced multi-drop systems, micro-gating and advanced thermal control for high-cavity-count tooling and the processing of engineering resins and multi-material systems, and high-precision and surface-critical applications remain controlled by companies with proven track records. Such expertise is accumulated over many years and is difficult for new entrants to replicate.

- **Customer qualification and switching cost barrier.** HRS are customized and deeply integrated into customers' molds and production processes. Once a company's products have been qualified and a cooperative relationship has been established, customers are reluctant to switch owing to high switching costs, compatibility concerns and the risk of production disruption. Such strong customer stickiness and switching cost barrier enable existing enterprises to gain a competitive advantage, while new entrants find it difficult to secure a customer base.

- **Industry know-how barrier.** The hot runner industry is characterized by data-driven operations. Leading companies have accumulated extensive product performance data, application know-how and practical experience over decades of operation, which enables them to optimize thermal control, predict and prevent potential failures, and deliver more refined and value-added services such as tailored design recommendations. For new entrants, replicating this depth of data and experience is difficult and time-consuming.

- **In-house manufacturing barrier.** Some of the leading companies are underpinned by in-house manufacturing capabilities covering HRS sets and parts, which not only reinforces their market position but also ensures consistency in product quality and supply chain reliability. For new entrants, replicating such capabilities would require substantial time, capital investment, and accumulated experiences.

- **Service network barrier.** Leading companies are supported by an extensive global network for technical support, maintenance, and spare parts delivery. Establishing a comparable network would require substantial time, resources, and local market knowledge, thereby posing a formidable barrier to new market entrants.

COMPETITIVE LANDSCAPE OF GLOBAL HRS INDUSTRY

The global HRS market consists of a small number of large, leading companies alongside numerous small-scaled companies. These leading companies typically have a long track record of successful operations in the industry and continuously invest in technology, manufacturing, and talent development to enhance their competitiveness. As a result, only some leading companies are able to achieve global sales and serve a diverse range of industry customers. By contrast, the small-scaled companies that can only serve a few regions and typically focus on one specific application scenario.

The global HRS industry is relatively concentrated, with the aggregate market share of the top five HRS companies reaching 37.7% in 2025, in terms of revenue. Our Group was the largest HRS company in the world in 2025, accounting for a market share of 12.5%, in terms of revenue. From 2023 to 2025, our Group was the fastest-growing company among the top five HRS companies in the world in terms of revenue. The following table sets forth the top five HRS companies in the world by revenue in 2025.

Top Five HRS Companies in the World in terms of Revenue, 2025

Ranking	Company Name	Market Share[1]	Ranking in Sub Segment[2]
1	Our Group	12.5%	By Region: Ranked 1st in Asia, China and South Korea By Application Scenario: Ranked 1st in automotive, electronics and home appliance, and 3rd in packaging
2	Company A	8.3%	By Region: Ranked 2nd in Asia and China, 3rd in South Korea By Application Scenarios: Ranked 2nd in electronics and home appliance and packaging, 5th in automotive
3	Company B	6.3%	By Region: Ranked 5th in Asia and China, 4th in South Korea By Application Scenario: Ranked 7th in automotive, 3rd in electronics and home appliance, and 1st in packaging
4	Company C	5.4%	By Region: Ranked 3rd in Asia and China, 7th in South Korea By Application Scenario: Ranked 2nd in automotive, 6th in electronics and home appliance, and 7th in packaging
5	Company D	5.2%	By Region: Ranked 4th in Asia and China, 5th in South Korea By Application Scenario: Ranked 3rd in automotive, 5th in electronics and home appliance and packaging

Source: Public information and documents of each company, Frost & Sullivan

Notes:

(1) Calculated by dividing each company's revenue from HRS business by the market size of the global HRS industry.

(2) Rankings by application scenario are in terms of the revenue from HRS business in each application scenario worldwide.

(3) Company A is a private company established in 1963, headquartered in Canada, and is mainly engaged in the business of HRS, molds and auxiliary equipment for plastic injection molding.

Company B is a subsidiary of a company listed on the New York Stock Exchange, was established in 1953 and headquartered in Canada, and is mainly engaged in the business of HRS, molds, injection molding machines and auxiliary equipment.

Company C is a subsidiary of a company listed on the SIX Swiss Exchange, was established in 2001 and headquartered in Italy, and is mainly engaged in the business of HRS.

Company D is a private company established in 1971, headquartered in the United States, and is mainly engaged in the business of HRS.

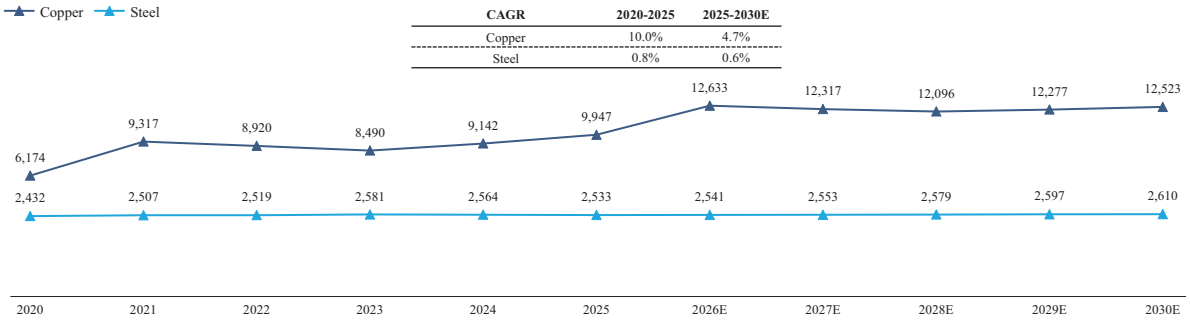
RAW MATERIAL PRICE ANALYSIS

The major raw materials of the HRS mainly include steel and copper. Over the past five years, steel prices have remained remarkably stable, with only marginal fluctuations. From 2020 to 2023, prices edged up modestly driven by post-pandemic recovery and supply-side constraints. As the pandemic's impact gradually faded and raw material prices such as coking coal declined, steel prices experienced a slight pullback during 2024 to 2025, reached USD2,533 per tonne in 2025. Looking ahead, the price of steel is expected to remain stable from 2026 to 2030.

Driven by factors such as the substantial increase in new energy vehicle production and tight copper mine supply, copper prices rose significantly in 2021, underwent a correction during 2022 to 2023, and resumed steady growth in 2024 to 2025. In 2026, propelled by the surging demand from AI computing, global copper supply constraints and electrification, copper prices are expected to experience a pronounced increase, before returning to a stable growth trajectory during 2027 to 2030.

The price trends of these two raw materials are likely to shape the cost profile of hot runner manufacturing in distinct ways, with copper-intensive components may influenced by the upward trajectory of copper prices, while the overall cost structure remains partially anchored by the relative stability of steel prices.

Price Trend of Major Raw Materials of HRS
USD per Tonne, 2020-2030E



Source: London Metal Exchange (LME), Changjiang Nonferrous Metals Network (CCMN), Frost & Sullivan

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the global thermal management solution industry, the global precision thermal management solution industry, the global plastic injection molding industry and the global HRS industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay USD125,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data, as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and the major markets in which we operate is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that, after taking reasonable care, there has been no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

We are subject to the laws and regulations in the PRC, Korea, Hong Kong and Japan and other place we operate. Set out below is a summary of the types of laws and regulations in these countries and territories that have a significant impact on our operations, which is prepared with the objective to provide **[REDACTED]** with a brief overview of the key laws and regulations applicable to us. This summary does not purport to be a complete description of all the laws and regulations, which are applicable to our business and operations. **[REDACTED]** should note that the following summary is based on relevant laws and regulations in force as of the date of this Document, which may be subject to change.

PRC LAWS AND REGULATIONS

Laws and Regulations Relating to Foreign Investment

Company Law of the PRC

The Company Law of the PRC (《中華人民共和國公司法》), promulgated by the Standing Committee of National People's Congress of the PRC (全國人民代表大會常務委員會) (the "**SCNPC**") on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the Company Law of the PRC.

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

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Catalogue**"), amended on December 15, 2025 and effective since February 1, 2026 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), promulgated on September 6, 2024 and effective since November 1, 2024, both of which issued by the NDRC and the MOFCOM. The Catalogue and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted", and "prohibited". Industries not listed in the Catalogue or the Negative List are generally deemed as falling into a fourth category, "permitted", unless specifically restricted by other PRC laws and regulations. The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**"), promulgated by the NPC on March 15, 2019, effective since January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations for FIL**"), promulgated by the State Council (國務院) on December 26, 2019, effective since January 1, 2020, are the principal existing law and regulation governing foreign investment in the PRC. The FIL and the Implementation Regulations for FIL are enacted to further expand opening-up, actively promote foreign investment, protect legitimate rights and interests in foreign investment, and standardize foreign investment management. Pursuant to the FIL and the Implementation Regulations for FIL, the PRC adopts a system of national treatment plus the Negative List with respect to foreign investment administration. Foreign investment and domestic investment in industries outside the scope of the Negative List issued or released upon approval by the State Council would be treated equally.

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

Laws and Regulations Relating to Product Quality

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

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

Laws and Regulations Relating to Importation and Exportation of Goods

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

Regulations Relating to Work Safety

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

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

Laws and Regulations on Environmental Protection

The Ecological Environment Code of the PRC (《中華人民共和國生態環境法典》)(the "**Ecological Environment Code**"), promulgated by the NPC on March 12, 2026 and came into effect on August 15, 2026, consolidates and integrates provisions on pollution prevention and control and ecological protection that were previously scattered across multiple standalone laws, and repeals ten standalone laws, thereby establishing a unified legal framework for ecological and environmental governance. According to the Ecological Environment Code, the State implements a classification management system for environmental impact assessments of construction projects based on their potential degree of environmental impact. The construction entity shall be responsible for the content and conclusions of its environmental impact assessment documents, and may not commence construction without the examination and approval of the relevant authorities in accordance with the law. In addition, the Ecological Environment Code strengthens the pollutant discharge permit system, requiring enterprises to strictly comply with national and local environmental standards, adopt effective pollution prevention and control measures, and bear corresponding legal liabilities in accordance with the law for any ecological damage or environmental violations arising from their operations.

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

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

On January 24, 2021, the State Council promulgated the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), which came into effect on March 1, 2021. Pursuant to the Regulations on the Administration of Pollutant Discharge Permits, a pollutant discharging entity shall apply to the competent authority where its production and business premises are located for a pollutant discharge permit. Besides, if the discharge of sewage into drainage network is concerned, a drainage permits will be also required according to the Measures for the Administration of Permits for the Discharge of Urban Sewage into Drainage Networks (《城鎮污水排入排水管網許可管理辦法》) which was last amended on December 1, 2022.

Laws and Regulations Relating to Intellectual Property

Trademarks

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

Patents

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

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

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

Copyright and Software Copyright

Copyright (including software copyright) is mainly protected by the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) as promulgated on September 7, 1990 and last amended on November 11, 2020 by the SCNPC and the Implementing Rules of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》) as promulgated on August 2, 2002 and last amended on January 30, 2013 by the State Council. Such law and rules prescribe that PRC citizens, legal persons or other organizations enjoy copyright protection over their works, whether published or not, in the domain of literature, art and science.

In addition, internet activities, products disseminated over the internet and software products also enjoy copyright. Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and the Regulation on Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and last amended by the State Council on January 30, 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Protection of Computer Software.

Domain Names

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

Laws and Regulations Relating to Land or Property Use

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

Laws and Regulations Relating to Property Leasing

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

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

General Labor Contract Rules

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

Social Insurance and Housing Provident Fund

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

According to the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》) passed by the State Council on April 3, 1999 and last amended on August 10, 2026, each employer and individual in the PRC shall make housing provident fund contributions. Where, in violation of the provisions of the regulations, an employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Laws and Regulations Relating to Taxation

PRC Enterprise Income Tax Law

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

Value-Added Tax

According to the PRC Value-added Tax Law (《中華人民共和國增值税法》), as announced by the SCNPC on December 25, 2024 and came into effect on January 1, 2026, entities and individuals selling goods, services, intangible assets, real property in China, and importing goods to China, shall be identified as taxpayers of value-added tax.

Unless otherwise provided by laws, the value-added tax rate is: 13% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods; 9% for taxpayers selling transportation, postal, basic telecommunication, construction, or immovable property leasing services, immovable property, transferring the rights to use land, or selling or importing specific goods; 6% for taxpayers selling services or intangible assets; 0% for domestic entities and individuals selling services or intangible assets within the scope prescribed by the State Council across national borders; 0% for exported goods, except as otherwise specified by the State Council.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《財政部、税務總局關於全面推開營業税改徵增值税試點的通知》), promulgated by the Ministry of Finance and the SAT on March 23, 2016 and as amended on July 11, 2017, December 25, 2017 and March 20, 2019 respectively, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner, and all taxpayers of business tax engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Policies for Simplifying and Consolidating Value-added Tax Rates (《財政部、國家税務總局關於簡併增值税税率有關政策的通知》), announced by the Ministry of Finance and the SAT on April 28, 2017, the structure of value-added tax rates were simplified from July 1, 2017, and the 13% value-added tax rate shall be canceled. The scope of goods with 11% value-added tax rate and the provisions for deducting input tax are specified.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) announced by the Ministry of Finance and the SAT on April 4, 2018, from May 1, 2018, where a taxpayer engages in a value-added tax taxable sales activity or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (《財政部、稅務總局及海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019, with respect to value-added tax taxable sales or imported goods of a value-added tax general taxpayer, the originally applicable value-added tax rate of 16% shall be adjusted to 13%; the originally applicable value-added tax rate of 10% shall be adjusted to 9%.

Laws and Regulations Relating to Dividend Distribution

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

Laws and Regulations Relating to Foreign Exchange

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

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

The Circular of Further Improving and Adjusting the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 59**"), which became effective on December 17, 2012 and was last amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 59, investors should register with banks for direct domestic investment and direct overseas investment.

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

The Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) was promulgated by SAFE on January 26, 2017 and was amended on August 13, 2026, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

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

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

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Special Purpose Vehicles (the "SAFE Circular 37",《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), on July 4, 2014, which replaced the former circular commonly known as the "SAFE Circular 75" (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with their legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle". In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiary of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls and a fine of not more than 30% of the amount of evaded foreign exchange could be imposed. Where the case is serious, a fine ranging from 30% of the amount of evaded foreign exchange to the equivalent value shall be imposed.

HONG KONG LAWS AND REGULATIONS

We are subject to various Hong Kong laws and regulations that are relevant to our business operations in Hong Kong.

Regulations Relating to Business Registration

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every person carrying on any business to make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid, and issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

Regulations Relating to Taxes

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("**IRO**") is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

The Inland Revenue (Amendment) (No. 3) Ordinance 2018 was enacted on March 29, 2018 (the "**IRO Amendment Bill**"), which introduces the two-tiered profit tax rates regime, i.e., the first HK$2 million of profit of the qualifying group entity will be taxed at 8.25%, and profit above HK$2 million will be taxed at 16.5%. The profit of group entity not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the year of assessment 2018/19, the Hong Kong profit tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profit and at 16.5% on the estimated assessable profit above HK$2 million for the qualifying group entity.

The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

Regulations Relating to Employer/Employee Rights and Obligations

Employment Ordinance

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "**Employment Ordinance**") is the main piece of Hong Kong legislation governing conditions of employment in Hong Kong. It provides for the payment of wages, the restrictions on wages deductions, the granting of statutory holidays, and the termination of employment contract, among other things. In addition to these basic protections, employees who are employed under a continuous contract are further entitled to benefits such as rest days, paid annual leave, sickness allowance, severance and long service payment.

Employees' Compensation Ordinance

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**Employees' Compensation Ordinance**") establishes a no-fault, non-contributory employee compensation system for work injuries and lays down the respective rights and obligations of employer and employee in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. Hong Kong companies are required to maintain employees' compensation insurance in compliance with the Employees' Compensation Ordinance to cover compensation and costs liable for personal injuries of employees in Hong Kong in the course of employment with them.

Mandatory Provident Fund Schemes Ordinance

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) provides for the establishment of non-governmental mandatory provident funds schemes (the "**MPF Schemes**") for members of the workforce for the purpose of accruing financial benefits on retirement, among other things.

Unless otherwise exempted, employers are required to enrol their employees who are at least 18 but under 65 years of age and employed for not less than 60 days in a MPF Scheme. Employers and employees are each required to make regular mandatory contributions of 5% of the employees' relevant income to the MPF Scheme, subject to the minimum and maximum relevant income levels, which are currently HK$7,100 per month and HK$30,000 per month respectively, provided, however, that employees with a monthly relevant income less than HK$7,100 are exempt and only the employers are required to make contributions to the MPF Scheme.

Regulations Relating to Data Protection

The Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "**PDPO**") is an ordinance to protect the privacy of individuals in relation to personal data, and to provide for matters incidental thereto or connected therewith.

The Office of the Privacy Commissioner for Personal Data (the "**Commissioner**") may issue an enforcement notice to the data user directing remedial and/or preventive steps to be taken if there is contravention of the PDPO. Contravention of an enforcement notice issued by the Commissioner is an offence which may result in a maximum fine of $50,000 and imprisonment for 2 years, with a daily penalty of $1,000. Subsequent convictions can result in a maximum fine of $100,000 and imprisonment for 2 years, with a daily penalty of $2,000.

Contravention of a Data Protection Principle is not an offence. However, contravention of certain provisions of PDPO is an offence. Examples include erasure of personal data that is no longer required for the purpose for which it is used, regarding doxxing-related offences and the direct marketing provisions, non-compliance with a data access request, the unauthorized disclosure of personal data obtained without the relevant data user's consent etc..

SOUTH KOREA LAWS AND REGULATIONS

The Subcontracting Act

The Fair Transactions in Subcontracting Act (the "**Subcontracting Act**") regulates various subcontracting and outsourcing transactions where there is a disparity in the bargaining positions between the parties. The Subcontracting Act is applied to any "subcontract or outsourcing agreement" between a "prime contractor" and a "subcontractor," where the subcontractor is a "small or medium enterprise." The term "prime contractor" can refer to either the contractor or the ultimate customer of the contractor, and a "subcontractor" can refer to an outsourcing service provider that is smaller than the prime contractor. Thus, the Subcontracting Act applies to a two-party subcontracting or outsourcing relationship between a customer and an outsourcing service provider that is a small or medium enterprise. Subcontracting under the Subcontracting Act includes contract manufacturing arrangements.

The Subcontracting Act imposes various restrictions and obligations on prime contractors, such as prohibiting the contractor from arbitrarily cancelling or changing any entrustment of work, refusing to receive or postponing the delivery of the goods, or returning the delivered goods, unless there is a reason attributable to the subcontractor. When the goods are delivered, the prime contractor can be obliged to immediately deliver a certificate of receipt to the subcontractor, even before an inspection of the goods is conducted.

Product Liability Act

If consumers can demonstrate a manufacturing, design, or labelling defect with respect to a product, they may seek damages under the Civil Code or the Product Liability Act. The Product Liability Act also provides that a manufacturer that fails to take necessary measures against a defect of a product of which it is aware, and thereby causes serious harm to the life or body of a person, is liable for damages of up to three times the damage actually suffered.

The Korea Framework Act on Consumers and the Korean Framework Act on Product Safety

Pursuant to the Korean Framework Act on Consumers (the "**FCA**"), the Korea Consumer Agency is organised within the Korea Fair Trade Commission (the "**KFTC**") to protect consumer welfare by performing functions including not only products testing and inspection, but also consumer counselling, monitor of unfair business practices, and policy research. Under the FCA, product recalls can be in the form of either non-mandatory recommendations or mandatory orders. There is no criminal liability when a company fails to follow a recall recommendation. However, if there is no justifiable reason for such failure to follow recommendations, the government can issue a public statement (via newspaper, broadcast, etc.) setting forth the (i) name of the company, (ii) product subject to such recall recommendation, (iii) the content of such recall recommendation and reason why the business does not follow, (iv) opinion of the central administrative agency on the reason for not following recommendation, and (v) other matters if relevant to the recommendation. A failure to comply with recall order may result in criminal liability of up to three years imprisonment or a fine of up to KRW50 million.

In addition, under the Korean Framework Act on Product Safety (the "**FAPS**"), in order to develop the Korean Industrial Standards and other safety standards, to provide management of technical evaluation, control of quality and safety of consumer products through testing accreditation, and to endorse international standardisation, an organization named Korean Agency for Technology and Standards was formed within the Ministry of Trade, Industry and Resources. The FAPS also categorizes product recalls into recommendations and orders. If a company does not follow a FAPS recall recommendation, the government can issue a recall order and issue a public statement regarding such facts. In case of a failure to comply with the recall order, there is a criminal liability of up to three years imprisonment or a fine of up to KRW30 million.

Labor and Employment Laws and Regulations

The Labor Standards Act

The Labor Standards Act (the "**LSA**") is the primary Korean law governing employment relationships. Employers are free to establish higher standards by means of individual employment contracts, employment rules or collective bargaining agreements; however, any employment agreements, employment rules or collective bargaining agreements which fall below or are less favorable than the minimum standards set forth in the LSA shall be deemed null and void to such extent. The Ministry of Employment and Labor (the "**MOEL**") is primarily responsible for enforcing the LSA and related decrees.

The Employment Retirement Benefit Security Act

The Employment Retirement Benefit Security Act (the "**ERBSA**") imposes minimum standards for statutory severance pay. The ERBSA incorporates the severance plan provisions of the LSA and provides for a comprehensive retirement benefit system consisting of several different plans, such as the statutory severance pay, defined benefit plan, and defined contribution plan.

Under the statutory severance pay system, employees are entitled to severance pay equal to at least 30 days' average wages for each year of service, upon resignation or termination after at least one year of continuous employment.

The Industrial Accident Compensation Insurance Act

The Industrial Accident Compensation Insurance Act (the "**IACIA**") prescribes a mandatory employee compensation program for job-related injuries or death. Under the IACIA, the Korea Workers' Compensation and Welfare Service provides insurance coverage to workers in case of injury, disease, or disability due to an occupational accident. In addition, the MOEL determines premium rates by classifying businesses according to accident rates over the past three years and collects premiums from the insured employers to cover the expenses of the insurance program.

The Act on the Protection, etc. of Fixed-Term and Part-Time Employees

The Act on the Protection, etc., of Fixed-Term and Part-Time Employees (the "**APFPE**") extends employee protections to non-regular workers (i.e., fixed-term and part-time employees). The APFPE prohibits employers from using the services of non-regular workers for periods exceeding two years, with certain exceptions. If a fixed-term contract employee has worked for the same employer for more than two years and the employee is not otherwise exempt, then such fixed-term contract employee is presumed to be a regular employee with an indefinite-term contract.

The APFPE also prohibits discriminatory treatment against fixed-term and part-time employees (as compared to regular employees working in the same or similar jobs) with respect to their wages, regular bonuses, bonuses due to their employer's performance, and other working conditions and welfare benefits.

The Act on the Promotion of Employees' Participation and Cooperation

The Act on the Promotion of Employees' Participation and Cooperation (the "**APEPC**") requires the formation of labor management councils in companies for the purpose of improving the welfare of employees and maintaining the steady development of business enterprises through participation and cooperation between employers and employees. Under the APEPC, an employer that employs 30 or more employees must establish a labor management council comprised of representatives of employees and management. Matters that are subject to consultation at the meetings of the labor management council are mainly labor-related matters of the company, such as improving productivity, profit sharing, and preventing labor disputes.

Once established, (i) the labor management council must meet at least once every three months to discuss employment-related matters, and (ii) the labor management council must adopt bylaws which are required to be submitted to the MOEL.

An employer with 30 or more employees must establish a grievance handling committee. If the labor management council is established, the labor management council appoints grievance handling committee members within its council members.

Worker Safety Laws and Regulations

Occupational Safety and Health Act

The Occupational Safety and Health Act (the "**OSHA**") was enacted to maintain and promote the safety and health of employees through prevention of industrial accidents. The OSHA imposes the following obligations on the government, workers, and businesses, respectively: (i) the government must establish and implement standards for safety and health, as well as exercise regulatory oversight over compliance with respect thereto, and supervise the use of hazardous or dangerous machinery, apparatus, equipment and materials, etc. in the workplace; (ii) workers must comply with applicable rules and orders for preventing industrial accidents, which are promulgated or otherwise issued pursuant to the OSHA; and (iii) businesses must maintain and promote the safety and health of workers and follow the government's safety and health policies regarding industrial accidents, by complying with applicable rules, creating comfortable working environment, and improving working conditions, as well as by providing workers with information related to safety and health in the workplace.

The OSHA was amended on 16 January 2020 and 17 August 2021. Pursuant to such amendments, the OSHA has increased corporate responsibility and imposed stricter occupational safety regulations (e.g., strengthened regulations on outsourcing dangerous activities at industrial sites). An example would be if a business operator fails to provide resting areas to logistics center and delivery workers, such business operator shall be subject to an administrative fine of up to KRW15 million. Further, the amended OSHA requires representative directors of large companies (i.e., a joint stock company with 500 or more employees) to submit a safety and health plan on an annual basis and report the same to the respective company's board of directors for approval. The OSHA was further amended on 19 February 2026, with the amendments taking effect in stages from 1 June 2026. Among other things, the 2026 amendment introduced administrative fines of up to KRW10 million for failure to conduct workplace risk assessments (applicable to businesses with 50 or more employees from 1 January 2027) and a mandatory safety and health disclosure regime for businesses of a certain size prescribed by Presidential Decree (effective from 1 August 2026).

Regulations on Industrial Safety and Health Standards

To implement the OSHA, the MOEL has issued the Regulations on Industrial Safety and Health Standards. These regulations address safety and health measures relating to night shift workers, preventing cerebrovascular and cardiovascular diseases, preventing musculoskeletal diseases caused by physical demands, material and heavy load handling, forklift and forklift operation, provision and maintenance of personal protective equipment, conveyor safety, electrical hazards, and prevention of fire and explosion, among other topics.

Punishment of Companies and Corporate Officials for Serious Accidents

The Serious Accidents Punishment Act (the "**SAPA**") came into effect from 27 January 2022 for businesses with 50 or more employees, and has also applied to businesses with five or more employees since 27 January 2024. The SAPA expressly places responsibility for workplace accidents and occupational illnesses on the top decision-maker of the business concerned, in addition to broadening the scope of obligations and enhancing penalties for violations.

A serious accident is either a serious industrial accident or a serious public accident. A serious industrial accident includes (i) one or more fatalities, (ii) an injury to two or more people that each requires medical treatment for at least six months, or (iii) three or more persons contracted occupational disease as prescribed by the Presidential Decree from the exposure of the same occupational hazard within a given year. If a serious accident occurs, business owners and managerial personnel may be subject to criminal penalties.

The obligations to secure safety and health are broad in scope, and are comprised of the following: (i) establish and implement a safety and health management system; (ii) establish a plan to prevent recurrence of serious accidents and implement such plan; (iii) perform the government's improvement or corrective order, as applicable; and (iv) take managerial measures to perform obligations set forth in the relevant safety and health laws. The SAPA provides for criminal punishment, public disclosure of punishment, and monetary damages, including punitive damages up to five times the actual damages suffered in case of a serious accident, which results from willful misconduct or gross negligence in performance of the obligation to secure safety and health measures. The SAPA also expands the scope of persons potentially subject to sanctions in the event of a serious accident, including both the individual business owner and the responsible management personnel of a business (i.e., a person who represents the business and has the authority and responsibility to manage the business, or a person having comparable authorities in relation to safety and health matters).

Environmental Regulations

Our manufacturing operations generate chemicals, gases, by-products, emissions and waste materials that are subject to various environmental laws and regulations in Korea. Our production activities are subject to regulation under the Clean Air Conservation Act and the Water Environment Conservation Act, which prescribe permissible levels of pollutants that can be contained in air emissions and waste water, respectively, discharged by our production facilities. Our production activities are also subject to regulation under the Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis, pursuant to which we are required to annually disclose our greenhouse gas emissions and energy consumption and reduce such emissions and consumption pursuant to the targets imposed by the government each year. Our production activities may also be subject to other Korean environmental laws, such as the Soil Environment Conservation Act, the Act on the Registration and Evaluation of Chemicals, the Noise and Vibration Control Act, Waste Management Act, Groundwater Act and Chemicals Control Act.

Export Controls and Strategic Items

Under the Foreign Trade Act of Korea (the "**Foreign Trade Act**") and related laws, certain items, including our machine tool products and the associated technologies, are classified as "strategic items," which require export authorization and may be subject to additional restrictions to safeguard international peace, security, and national interests. The Foreign Trade Act mandates that individuals or entities intending to export "strategic items" must obtain export permission from the Minister of Trade, Industry and Resources or the head of the relevant administrative agency as prescribed by the Presidential Decree. Any breach of these regulations could lead to an imprisonment for up to seven (7) years or a fine up to five times the value of the goods and the export or import of all or part of "strategic items" may be restricted for up to three (3) years.

The Copyright Act

Korea's Copyright Act provides protections for various types of creative works that express some human idea or feeling, including certain copyrightable "computer programs," while "databases" are protected by *sui generis* right in the Copyright Act. The Copyright Act provides the creator of such works with the economic rights flowing from their creation and control over the works' use, distribution, etc. The infringement of copyrights protected under the Copyright Act are subject to civil claims as well as criminal penalties.

The Copyright Act implements the Korea – U.S. Free Trade Agreement, by recognising temporary storage as reproduction, introducing a general defense for fair use of copyrighted materials, and concept of statutory damages for copyright violations and adding conditions for online-service providers to be exempted from infringement liability, a judicial procedure enabling copyright holders to obtain information in the possession of a service provider identifying alleged infringers, and types of prohibited acts of infringement on the rights of copyright holders.

The Monopoly Regulation and Fair Trade Act

As the Korea's main competition law, one of the foci of the Monopoly Regulation and Fair Trade Law (the "**FTL**") is the anticompetitive agreement to restrain competition between competing enterprises (e.g., between and among brands, or agents/distributors), including agreeing to set or modify prices, to determine or adjust the production volume, and to restrict or allocate transaction territories or transaction partners. Other potentially anticompetitive behaviors include joint production, joint marketing, joint purchasing, joint research and development and information exchange (such agreements between competing enterprises are referred to as an "**Unfair Collaborative Action**"). All agreements related to Unfair Collaborative Actions shall be null and void, and the KFTC may issue an order to cease the Unfair Collaborative Actions and other necessary measures to remedy related harms, including public announcement of the fact that such corrective order has been received. Additionally, the KFTC may impose an administrative fine of up to 20% of the relevant sales revenue (i.e., the sales revenue of the relevant product or services in the relevant geographical market during the period of violation).

The FTL also prohibits an enterprise having market dominance, which is presumed when an enterprise has a market share of 50% or more, or has, together with one or two other enterprises, a total of 75% or more market share (excluding an enterprise with market share of less than 10%) in the relevant product market, from engaging in certain abusive acts as further described below. Criteria to be reviewed by the KFTC to assess whether an enterprise has market dominance, other than market share, includes: (i) whether there is any entry barrier to the relevant market, (ii) the relevant size of competitors (i.e., small size and limited number of competitors will be interpreted in favor of market dominance), (iii) the likelihood of collaborative acts between competitors (which would be seen as a sign of market dominance), (iv) whether there are similar products in the market (the existence of a neighboring market will reduce the risk that an enterprise would be considered as having market dominance), (v) ability to foreclose the market, (vi) financial capability, etc.

The FTL prohibits market dominant enterprises from (a) unfairly determining, maintaining, or changing the prices of goods or services, (b) unfairly controlling the sale of goods or the provision of services, (c) unfairly interfering with the business activities of any other business entities, (d) unfairly interfering with the market entry of a new competitor, (e) making an unfair transaction to exclude a competitor or substantially undermining consumer interests as abusive acts. The KFTC may (i) order the market-dominant enterprise involved in the abusive acts to reduce prices, to cease the violation of the law, and/or take other measures necessary for remedy, and (ii) impose an administrative fine of up to 6% of the relevant sales revenue.

Furthermore, the FTL prohibits certain unfair trade practices. The unfair business practices identified in the FTL are not per se illegal, but rather are subject to the rule of reason test, which means that the KFTC will consider the totality of the circumstances to determine whether there was a reasonable justification for a particular behavior. However, certain unfair trade practices, such as discriminatory behavior for the benefit of affiliates, the burden of proving the presence of a justifiable reason would be incumbent on the enterprise. Under the rule of reason test, anti-competitive effects, unfairness, pro-competitive effects and promotion of consumer welfare of the behavior in question are evaluated as a whole by examining factors including, but not limited to, normal business practices, type of business, and relevant laws and regulations. If the KFTC finds that an unfair trade practice has been committed, the FTL provides for the following sanctions that may be imposed: (i) a corrective order (i.e., order to cease the unfair trade practice, to take measures to prevent the recurrences, to publicly announce the fact that the entity received the relevant order, and to take other necessary measures) and/or (ii) an administrative fine of up to 4% of the relevant sales amount (or in case of certain unfair trade practices such as undue support, 10% of the relevant sales amount).

Foreign Exchange Regulations

Under the Foreign Exchange Transaction Act of Korea, if the Korean government determines that in certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets are likely to occur, it may impose any necessary restriction such as requiring domestic or foreign investors to obtain prior approval from the Minister of Economy and Finance of Korea prior to entering into a capital markets transaction, repatriating interest, dividends or sales proceeds arising from Korean securities or from the disposition of such securities or other transactions involving foreign exchange. Investors may experience adverse risks, which in turn could adversely affect our business, prospects, financial condition and results of operations and could lead to a decline in the value of our shares.

Under the Foreign Exchange Transaction Act of Korea, if the government determines that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of Economy and Finance of Korea for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or from disposition of such securities or other transactions involving foreign exchange. In addition, if the government determines it necessary on account of war, armed conflict, natural disaster or grave, sudden and significant changes in domestic or foreign economic circumstances or similar events or circumstances, it may temporarily suspend payment, receipt or performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Act of Korea applies (including suspension of payment and receipt of foreign exchange), impose an obligation to deposit, safe keep or sell precious metal or any means of payment to The Bank of Korea, a foreign exchange equalization fund, certain other governmental agencies or financial companies or require resident creditors to collect and recover debts owed by non-resident debtors and to send such amounts to the creditors' accounts in Korea.

If the government concludes that the international balance of payments and international financial markets are experiencing, or are likely to experience, significant disruptions or that the movement of capital between Korea and other countries is likely to adversely affect its currency, foreign exchange or other macroeconomic policies, the Ministry of Economy and Finance may require any person intending to effect a capital transaction to obtain permission or require any person effecting a capital transaction to deposit a portion of the payment acquired in such transaction with the Bank of Korea, a foreign exchange equalization fund or certain other governmental agencies or financial companies.

JAPAN REGULATIONS

Regulations relating to the Companies Act

The Company and Yudo Co., Ltd. hold 80% of the voting rights in the Japanese subsidiary in aggregate, with the remaining 20% held by a minority shareholder.

Based on the statutory voting thresholds under the Companies Act of Japan (Act No. 86 of 2005, as amended) (the "**Companies Act**"), the Company and Yudo Co., Ltd. would generally be able, acting together, to procure the adoption of both ordinary and special resolutions at shareholders' meetings of the Japanese subsidiary. However, the minority shareholder is entitled to exercise statutory minority shareholder rights, including subject to the applicable requirements, rights to request the convening of a shareholders' meeting, inspect accounting books and related records, seek the appointment of an inspector, and pursue certain judicial remedies against unlawful or materially improper corporate actions or shareholders' resolutions.

In addition, neither the Company nor Yudo Co., Ltd. currently holds 90% or more of the voting rights generally required to qualify as a special controlling shareholder under the Companies Act. Accordingly, neither entity may use the simplified statutory procedure available to a special controlling shareholder to acquire all shares held by the minority shareholder without the minority shareholder's consent.

Accordingly, the minority shareholding does not generally prevent the Company and Yudo Co., Ltd., acting together, from controlling matters decided by ordinary or special resolution at shareholders' meetings of the Japanese subsidiary, but may affect the implementation and timing of, and give rise to potential challenges in connection with, any proposed reorganisation, capital transaction or minority shareholder buyout involving the Japanese subsidiary.

Import Regulation

Under the Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949) (the "**FEFTA**") and the regulations thereunder, the Minister of Economy, Trade and Industry publishes, among other matters, (i) items of goods subject to import quotas, (ii) places of origin or places of shipment for which the importation of specified goods requires import approval, and (iii) other matters necessary for the importation of goods. Depending on the nature of the goods and their place of origin or place of shipment, imports into Japan may be subject to import quotas, import approval or other procedures prescribed in the relevant public notices. For example, import approval and/or other regulatory procedures may apply to certain categories of regulated goods (including, among others, certain wildlife and wildlife products, specified hazardous wastes, and certain substances regulated under international frameworks) and to certain imports from or involving sanctioned or otherwise restricted countries or regions, including, for example, Russia, North Korea, Iran, and certain regions of Ukraine to the extent specified in the applicable regulations and public notices, such as the Autonomous Republic of Crimea and the City of Sevastopol and the self-proclaimed "Donetsk People's Republic (DPR)" and "Luhansk People's Republic (LPR)".

HRS and their ordinary components used in plastic injection molding are industrial machinery/parts and, based on their nature and specifications, are not expected to fall within the categories of goods currently subject to import approval, import quotas or other specific import control procedures under the FEFTA and the regulations thereunder. However, the applicability of import control requirements may change.

Product Liability

Under the Product Liability Act of Japan (Act No. 85 of 1994), a manufacturer, processor or importer (and, in certain cases, an entity that holds itself out as the manufacturer) may be liable, without proof of negligence, where the claimant establishes a defect in the product, resulting damage and the requisite causal relationship. A "defect" means a lack of safety that the product ordinarily should provide, taking into account, among other factors, the characteristics of the product, its ordinarily foreseeable manner of use and the time of delivery. Although HRS and related components are industrial products sold primarily to business customers, the Product Liability Act of Japan may apply if a defect in such products causes death or personal injury or damage to property other than the defective product itself, and the Japanese subsidiary which imports the products into Japan constitutes a manufacturer for purposes of the Product Liability Act of Japan even where the products were manufactured outside Japan. Claims under the Product Liability Act of Japan are subject to statutory time limitations, and separate contractual or other civil claims may also arise depending on the circumstances.

OVERVIEW

Our history can be traced back to December, 1986 when Yudo Korea, our predecessor, was founded by Mr. Yu Young Hee[1]. On March 20, 2002, Our Company was incorporated in Hong Kong with limited liability, and was originally named Yudo Co., Limited (柳道實業有限公司). Our Company was subsequently renamed to Yudo (China) Co., Limited (柳道實業有限公司) on January 7, 2004, to Yudo (China) Holding Co., Limited (柳道實業控股有限公司) on July 9, 2007, and to its current name Yudo Holdings Co., Limited (柳道實業控股有限公司) on November 26, 2020.

With nearly four decades of development, we have grown into a global precision thermal management technology company and the world's largest provider of HRS, in terms of revenue, accounting for approximately 12.5% of the global HRS market in 2025, according to F&S. We design, engineer and manufacture differentiated thermal control products and solutions that govern the heating, cooling and flow of materials in precision manufacturing processes, across an expanding range of applications and evolving end markets. Consistent with our vision, we are dedicated to enabling manufacturers worldwide to improve product quality, enhance production efficiency and reduce material waste through our thermal control technologies.

BUSINESS DEVELOPMENT MILESTONES

The table below outlines the key milestones in the development of our business:

Year	Milestones
1986	Yudo Korea, our predecessor, was founded by Mr. Yu Young Hee in Korea.
2001	Completed the construction of our current factory in Korea.
2002	Our Company was incorporated in Hong Kong as a company with limited liability.
	Our subsidiaries in Suzhou and Dongguan were established, marking our significant commercial presence in the PRC.
2006	Completed the construction of our factory in Suzhou.
2011	Completed the construction of our factory in Portugal.
2013	Completed the construction of our factories in Guangdong and Qingdao.
2024	Completed the expansion of our factory in Qingdao, boosting the total designed production capacity in Qingdao to 26,421 nozzles and 4,009 manifolds per annum.
2025	Completed the construction of our factories in the United States.
2026	Completed the expansion of our factory in India, boosting the total designed production capacity in India to 18,000 nozzles per annum.
	Planned to further expand our factories in Suzhou, establishing it as the world's largest HRS production facility by GFA, according to F&S.

1 Mr. Yu Young Hee is the father of Mr.Yu Sung Jin (the chairman of the Board and an executive Director of our Company) and Mr. Yu Dong Jin (an executive Director of our Company), and is a member of Yu's Family. In December 2017, Yu's Family transferred its 100% equity interest in Yudo Korea to our Company. Yudo Korea has since become a wholly-owned subsidiary of our Company.

MAJOR SUBSIDIARIES

We carried out our business through 47 subsidiaries as at the end of the Track Record Period. As of the Latest Practicable Date, the following three entities were our major subsidiaries which had made a material contribution to our results of operation:

Name of subsidiary	Date of establishment	Place of incorporation	Equity interest attributable to our Group	Principal business activities
Yudo Korea . . .	December 30, 1986	Korea	100%	Manufacturing and trading of HRS
Yudo (Suzhou).	June 6, 2002	PRC	100%	Manufacturing and trading of HRS
Guangdong Yudo	June 28, 2012	PRC	100%	Manufacturing and trading of HRS

MAJOR CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES OF OUR COMPANY

Incorporation of our Company

On March 20, 2002, Our Company was incorporated in Hong Kong with limited liability. On the date of its incorporation, our Company allotted and issued 99 and 1 Shares at HK$1 each to Yudo Korea and Mr. Lee Sang Yeol Tommy, respectively, representing an issued and paid-up share capital of HK$100.

Upon incorporation, the shareholding structure of our Company was as follows:

Shareholder	Share type	Number of shares	Percentage of equity interest
			(%)
Yudo Korea[(1)].	Ordinary share	99	99.00
Mr. Lee Sang Yeol Tommy[(2)].	Ordinary share	1	1.00
Total		**100**	**100.00**

Notes:

(1) Yudo Korea is a limited liability company incorporated in Korea on December 30, 1986 and founded by Mr. Yu Young Hee, and the principal business of which was manufacturing and sales of HRS.

(2) Mr. Lee Sang Yeol Tommy is an executive Director of our Company. For details of Mr. Lee, please refer to "Directors and Senior Management — Board of Directors — Executive Directors" to this document.

Early Shareholding Changes of our Company since Incorporation

Since our incorporation, we have undergone a series of equity changes, including:

- On July 26, 2002, our Company allotted and issued 3,009,801 and 99 Shares at HK$1 each to Yudo Korea and Mr. Lee Sang Yeol Tommy, respectively. Upon completion of the said capital increase, the issued and paid-up capital of our Company was increased from HK$100 to HK$3,010,000.

- On July 4, 2003, Yudo Korea transferred (i) 1,504,950 Shares, representing approximately 50% of the then issued share capital of our Company to Mr. Yu Young Hee at a consideration of HK$2,000,000; (ii) 1,294,257 Shares, representing approximately 43% of the then issued share capital of our Company to Mr. Yu Sung Jin at a consideration of HK$1,720,000 and (iii) 210,693 Shares, representing approximately 7% of the then issued share capital of our Company to Ms. Choi Young Hee at a consideration of HK$280,000. All such transfer considerations were determined based on arm's length negotiations between the parties with reference to the valuation of the Group at the time of such transfer.

- On December 30, 2003, Mr. Yu Young Hee and Ms. Choi Young Hee transferred 1,504,950 Shares, representing approximately 50% of the then issued share capital of our Company at a consideration of HK$2,200,000 and 210,693 Shares, representing approximately 7% of the then issued share capital of our Company at a consideration of HK$308,000, respectively, to Abiman HK. All such transfer considerations were determined based on arm's length negotiations between the parties with reference to the valuation of the Group at the time of such transfer.

- On April 30, 2004, (i) Mr. Yu Sung Jin transferred 1,294,257 Shares, representing approximately 43% of the then issued share capital of our Company at a consideration of HK$1,892,000 to Abiman HK, determined based on arm's length negotiations between the parties with reference to the valuation of the Group at the time of such transfer; and (ii) Abiman HK transferred 601,900 Shares, representing approximately 20% of the then issued share capital of our Company at a nominal consideration to Mr. Lee Sang Yeol Tommy in recognition of his contribution to the Group.

- On April 12, 2013, Mr. Lee Sang Yeol Tommy transferred 602,000 Shares, representing 20% of the then issued shares of our Company at a consideration of HK$200 million to Tommy & Partners with reference to the valuation of the Group at the time of such transfer.

Following the share transfers and share issuances set out above, the shareholding structure of our Company was as follows:

Shareholder	Share type	Number of shares	Percentage of equity interest
			(%)
Abiman HK[(1)]	Ordinary share	2,408,000	80.00
Tommy & Partners[(2)]	Ordinary share	602,000	20.00
Total		**3,010,000**	**100.00**

Notes:

(1) Abiman HK is a company incorporated in Hong Kong with limited liability on October 29, 2003, constituting our group of Controlling Shareholders. As of the Latest Practicable Date, Abiman HK was held by Abiman Singapore and Mr. Lee Sang Yeol Tommy as to 99% and 1%, respectively. Abiman Singapore is a company incorporated in Singapore with limited liability on February 14, 2020, constituting our group of Controlling Shareholders. As of the Latest Practicable Date, Abiman Singapore was held as to 100% by Yu's Family. Please refer to "Relationship with Controlling Shareholders" to this document for details.

(2) Tommy & Partners is a company incorporated in Hong Kong with limited liability on February 14, 2013 and the principal business of which is investment holding. As of the Latest Practicable Date, Tommy & Partners was held as to 100% by Mr. Lee Sang Yeol Tommy.

Share Subscription and Entry of Match Jersey in 2018

On December 12, 2017, our Company, Abiman HK, Tommy & Partners and Match Jersey entered into a share subscription agreement (the "**Share Subscription Agreement**"), pursuant to which Match Jersey agreed to subscribe for, and our Company agreed to allot and issue 1,290,000 newly issued convertible preference shares of our Company (the "**Preference Shares**") at an aggregate subscription price of US$178.2 million (the "**Subscription**"). Pursuant to the Share Subscription Agreement, Match Jersey also agreed to contribute US$19.8 million to the capital of the Preference Shares then in issue in the form of a capital surplus increase without changing the total number of outstanding Preference Shares (the "**Capital Contribution**"). The consideration for the Subscription and the Capital Contribution was determined on an arm's length basis with reference to the valuation of our Group at the time of investment.

Upon completion of the Subscription and the Capital Contribution in 2018, the shareholding structure of our Company was as follows:

Shareholder	Share type	Number of shares	Percentage of equity interest[(1)]
			(%)
Abiman HK	Ordinary share	2,408,000	56.00
Match Jersey[(2)]	Preference share	1,290,000	30.00
Tommy & Partners	Ordinary share	602,000	14.00
Total		**4,300,000**	**100.00**

Notes:

(1) Calculated on an as-converted basis (i.e., assuming full conversion of all Preference Shares into Shares on a one-for-one basis).

(2) Match Jersey is a company incorporated in Jersey in November 2017, and the principal business of which is investment holding. As of the Latest Practicable Date, Match Jersey was no longer a shareholder of our Company. For details, please refer to "Share Buy-Back and Exit of Match Jersey in 2026" in this section.

Capital Increase in December 2025

On December 27, 2025, Abiman HK and Tommy & Partners contributed HK$187,200,000 and HK$46,800,000, respectively to the paid-up share capital of our Company in proportion to their respective shareholdings.

Upon completion of the said capital increase, the paid-up share capital of our Company in respect of the then issued Shares was increased from HK$3,010,000 to HK$237,010,000. No new Shares were allotted and issued in connection with such capital contribution and, accordingly, the shareholding structure of our Company remained unchanged.

Share Buy-Back and Exit of Match Jersey in 2026

On January 20, 2026, our Company and Match Jersey entered into a share buy-back agreement (the "**Share Buy-Back Agreement**") pursuant to which (i) our Company agreed to declare a special dividend in the amount of US$90 million to Match Jersey as the holder of the convertible preference shares of our Company only (the **"Special Dividend"**); (ii) subject to completion of the payment of the Special Dividend, each of the 1,290,000 Preference Shares held by Match Jersey would be converted into Shares on a one-for-one basis (such conversion, the **"Share Conversion"**); and (iii) following the Share Conversion, our Company agreed to buy back, and Match Jersey agreed to sell, an aggregate of 1,290,000 Shares, comprising 552,857 Shares to be bought back at the first closing and 737,143 Shares to be bought back at the second closing, for an aggregate buy-back consideration of US$280 million (collectively, the "**Share Buy-Back**").

Having considered, among other things, the Group's business development plans, capital position, shareholder structure and the terms of the Share Buy-Back Agreement, our Directors are of the view that the Share Buy-Back and the subsequent exit of Match Jersey are in the interests of our Company and our Shareholders as a whole.

The aggregate amount payable by our Company to Match Jersey in connection with the Share Buy-Back was US$370 million, comprising the Special Dividend of US$90 million and the aggregate consideration of the Share Buy-Back of US$280 million. Such amount was determined after arm's length negotiations between our Group and Match Jersey with reference to the valuation of our Group as commercially agreed among the relevant parties.

In connection with the Share Buy-Back and the exit of Match Jersey, our Company implemented the following arrangements.

- On January 21, 2026, our Company paid the Special Dividend of US$90 million to Match Jersey.

- On January 21, 2026, following completion of the payment of the Special Dividend, all Preference Shares held by Match Jersey were converted into Shares on a one-for-one basis. Upon completion of the Share Conversion, our Company had a total of 4,300,000 Shares in issue, and the issued and paid-up share capital of our Company was increased from HK$237,010,000 to HK$2,356,012,600.

- On February 27, 2026, our Company bought back and cancelled 552,857 Shares held by Match Jersey (the "**First Buy-Back**"), representing approximately 12.9% of the issued Shares of our Company immediately before the First Buy-Back, at a consideration of US$120 million (equivalent to HK$936,000,000) which was financed by shareholder loans. Upon completion of the First Buy-Back, our Company had a total of 3,747,143 Shares in issue, and the issued and paid-up share capital of our Company was reduced from HK$2,356,012,600 to HK$1,420,012,600.

- On September 21, 2026, our Company bought back and cancelled the remaining 737,143 Shares held by Match Jersey (the "**Second Buy-Back**"), representing approximately 19.7% of the issued Shares of our Company immediately before the Second Buy-Back, at a consideration of US$160 million (equivalent to HK$1,248,000,000) which was financed by a major commercial bank loan. Upon completion of the Second Buy-Back, our Company had a total of 3,010,000 Shares in issue, and the issued and paid-up share capital of our Company was reduced from HK$1,420,012,600 to HK$172,012,600.

Upon completion of the series of said share changes, the shareholding structure of our Company was as follows:

Shareholder	Share type	Number of shares	Percentage of equity interest
			(%)
Abiman HK	Ordinary share	2,408,000	80.00
Tommy & Partners	Ordinary share	602,000	20.00
Total		**3,010,000**	**100.00**

Capital Increase in 2026

On September 23, 2026, Abiman HK and Tommy & Partners capitalized their shareholder loans to the Company in the amount of HK$499,200,000 (equivalent to US$64 million) and HK$124,800,000 (equivalent to US$16 million), respectively, as paid-up share capital of our Company in proportion to their respective shareholdings.

Upon completion of the said loan capitalization, the paid-up share capital of our Company in respect of the then issued Shares was increased from HK$172,012,600 to HK$796,012,600. No new Shares were allotted and issued in connection with such loan capitalization and, accordingly, the shareholding structure of our Company remained unchanged.

Share Transfer to Best Profit in 2026

On September 25, 2026, (i) Abiman HK transferred 40,214 Shares, representing approximately 1.3% of the then issued share capital of our Company at a nominal consideration and (ii) Tommy & Partners transferred 10,053 Shares, representing approximately 0.3% of the then issued share capital of our Company at a nominal consideration to Best Profit, respectively.

As at the date of this document, Best Profit is held as to 80% by Abiman HK and 20% by Tommy & Partners, and serves as a potential employee incentive vehicle for the Company. The share transfer to Best Profit is done by Abiman HK and Tommy & Partners pro-rata to their equity interest in the Company to incentivise the senior management and employees who made contribution to the development of the Group. As at the date of this document, no entitlement of the interests in Best Profit to our senior management and employees has been determined.

Upon completion of the above share transfer, the shareholding structure of our Company was as follows:

Shareholder	Share type	Number of shares	Percentage of equity interest
			(%)
Abiman HK	Ordinary share	2,367,786	78.66
Tommy & Partners	Ordinary share	591,947	19.67
Best Profit	Ordinary share	50,267	1.67
Total		**3,010,000**	**100**

Share Subdivision Prior to the [REDACTED]

Immediately prior to the **[REDACTED]**, each existing Share will be subdivided into 100 Shares. Immediately after the Share Subdivision and prior to the **[REDACTED]**, the share capital of the Company will comprise 301,000,000 Shares.

MAJOR ACQUISITIONS, DISPOSALS AND MERGES

Throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any major acquisitions, mergers or disposals.

PRE-[REDACTED] INVESTMENT

Since the commencement of our business, our Company has undertaken one Pre-**[REDACTED]** Investment activity, namely, the share subscription and entry of Match Jersey in 2018. For details, please refer to "– Major Corporate Development and Shareholding Changes of our Company – Share Subscription and Entry of Match Jersey in 2018" in this section.

Special Rights

Certain special rights had been granted to Match Jersey relating to our Company, including but not limited to director nomination right, consent right over certain reserved matters and information right. Pursuant to the Share Buy-Back Agreement, all special rights granted to Match Jersey have been terminated upon completion of the First Buy-Back on February 27, 2026.

Voting undertaking with respect to director nomination

Abiman HK and Tommy & Partners agreed in September 2026 which will continue to be effective after **[REDACTED]** that so long as Tommy & Partners holds not less than 10% total issued shares of the Company, Abiman HK shall cast affirmative vote at the general meeting of the Company in favour of the appointment of one director nominated by Tommy & Partners.

Confirmation by the Joint Sponsors

On the basis that (i) the Shares in relation to the Share Buy-Back have been cancelled and the consideration in respect of the Share Buy-Back was irrevocably settled before the date of the first submission of the **[REDACTED]** application to the Stock Exchange and more than 120 clear days before the **[REDACTED]**; and (ii) the special rights granted to Match Jersey have been unconditionally terminated as disclosed in "— Special rights" above, the Joint Sponsors confirm that the **[REDACTED]** Investment and the Share Buy-Back are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

PREVIOUS US LISTING PLAN

We have previously explored the possibility of a listing of American depositary shares representing our Company's Shares on the NASDAQ Global Market in the United States (the "**US Listing Plan**"). In connection with its proposed listing of its American depositary shares on the NASDAQ Global Market, our Company made its confidential submission to the U.S. Securities and Exchange Commission in August 2022. However, our Company subsequently decided to terminate the US Listing Plan and sought **[REDACTED]** on the Stock Exchange due to market conditions. The draft registration statement was never declared effective by the U.S. Securities and Exchange Commission, no securities were offered or sold, and no public market for our Company's securities was established. Our Directors subsequently decided to pursue the **[REDACTED]** as they believe the **[REDACTED]** will be in the interest of our business development strategies and would be beneficial to us and our Shareholders as a whole. In reaching such decision, our Directors considered, among other things, the Group's overall capital market strategy, the Group's business footprint, customer base, brand presence and future development plans, and the potential benefits of a **[REDACTED]** in Hong Kong in enhancing the Group's market profile, broadening its investor base and supporting its long-term business development.

As of the Latest Practicable Date, there had been no disagreement between our Company and any professional parties engaged for the US Listing Plan. Our Directors further confirm that there is no other matter in relation to the US Listing Plan that needs to be brought to the attention of the Stock Exchange or potential investors.

Nothing has come to the attention of the Joint Sponsors that should be brought to the attention of the Stock Exchange and potential investors concerning the US Listing Plan.

PUBLIC FLOAT AND FREE FLOAT

Public Float

As (i) both Abiman HK and Best Profit constitute our group of Controlling Shareholders and (ii) Tommy & Partners, which is controlled by Mr. Lee Sang Yeol Tommy, our executive Director, will become a core connected person and a substantial shareholder of our Company upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), a total of **[REDACTED]** Shares held by Abiman HK, Best Profit and Tommy & Partners, representing approximately **[REDACTED]**% of our issued share capital in aggregating upon **[REDACTED]**, will not be counted towards the public float of our Company.

Based on the indicative **[REDACTED]** of HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**, respectively, and assuming the **[REDACTED]** is not exercised, the expected **[REDACTED]** of our Company at the time of **[REDACTED]** will be approximately HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]**, respectively **[REDACTED]**.

To the best knowledge of our Directors, upon completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised, an aggregate of **[REDACTED]** Shares held or controlled by our Shareholders who are not our core connected persons, representing approximately **[REDACTED]**% of our total issued Shares, will be counted towards the public float.

Pursuant to Rule **[REDACTED]** of the Listing Rules, where the expected **[REDACTED]** of the issuer at the time of **[REDACTED]** exceeds HK$6,000,000,000, but will not exceed HK$30,000,000,000, the minimum percentage of such class of securities to be held by the public at the time of **[REDACTED]** shall be the higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$1,500,000,000 at the time of **[REDACTED]**; and (ii) 15%. Based on the foregoing, our Company will be able to meet the minimum public float requirement under Rule **[REDACTED]** of the Listing Rules.

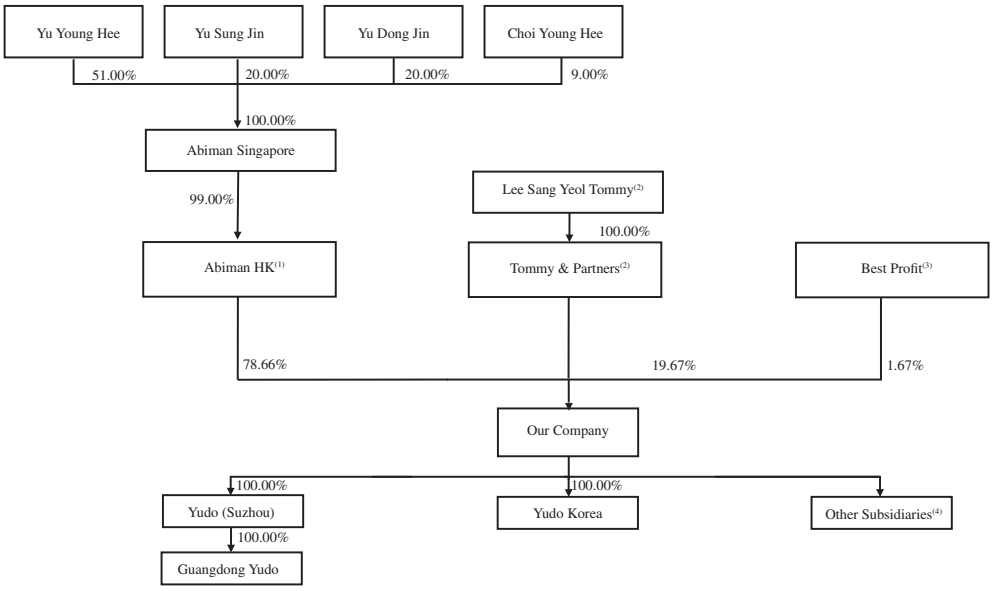
Free Float

Rule **[REDACTED]** of the Listing Rules provides that, there must be sufficient shares for which **[REDACTED]** is sought by a new applicant that are held by the public and available for **[REDACTED]** upon **[REDACTED]**. This will normally mean that the portion of the class of shares for which **[REDACTED]** 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 **[REDACTED]**, must: (1) represent at least 10% of the total number of issued shares in the class of shares for which **[REDACTED]** is sought (excluding treasury shares), with an expected market value at the **[REDACTED]** of not less than HK$50,000,000; or (2) have an expected market value at the time of **[REDACTED]** of not less than HK$600,000,000.

On the basis that the portion of the Company's publicly held shares being free of restrictions on their disposals is expected to have an expected market value upon **[REDACTED]** of at least HK$600 million, the Company expects to comply with the free float requirement under Rule 8.08A of the Listing Rules.

CORPORATE STRUCTURE

(1) Corporate Structure Immediately Before Completion of the [REDACTED]



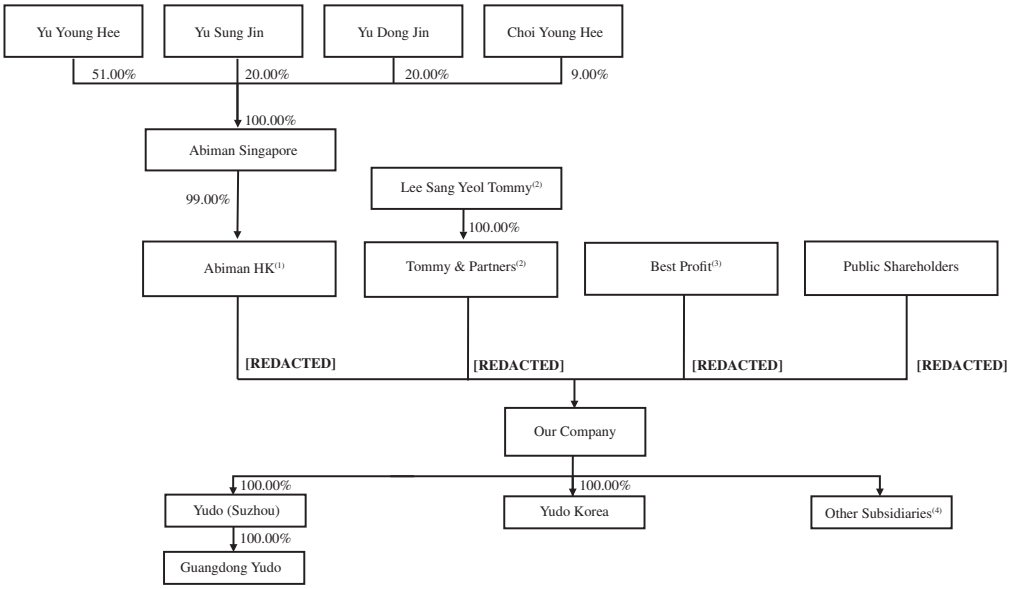
(1) The remaining 1% is owned by Mr. Lee Sang Yeol Tommy.

(2) Mr. Lee Sang Yeol Tommy and Tommy & Partners are not regarded as members of the group of Controlling Shareholders of the Company. Tommy & Partners, which is wholly owned by Mr. Lee, only held a minority shareholding in the Company, and Mr. Lee only held a 1% interest in Abiman HK. Although Mr. Lee serves as an executive Director of the Company, such directorship does not, by itself, confer on him or Tommy & Partners any control over the Company. Neither Mr. Lee nor Tommy & Partners had any veto right, reserved matter right or other special right which would enable them to control or exert material influence over the shareholders' meetings or Board decisions. There was also no acting-in-concert agreement or arrangement between Mr. Lee and/or Tommy & Partners, on the one hand, and Abiman HK, Abiman Singapore and/or the Yu's Family, on the other hand. Accordingly, Mr. Lee and Tommy & Partners are not regarded as members of the controlling shareholder group of the Company.

(3) As of the Latest Practicable Date, Best Profit was owned as to 80% and 20% by Abiman HK and Tommy & Partners, respectively. For details, please refer to "Share Transfer to Best Profit in 2026" in this section.

(4) As at the end of the Track Record Period, we had 44 other subsidiaries. On September 8, 2026, a 10% shareholders of Yudo Qingdao HK, one of the other subsidiaries, has effected a restructuring where his equity interests in Yudo Qingdao HK was flipped down to the level of Yudo (Qingdao), a company then wholly owned by Yudo Qingdao HK, at a nominal consideration, following which Yudo Qingdao HK was wholly owned by our Company.

(2) Corporate Structure Immediately After Completion of the [REDACTED]



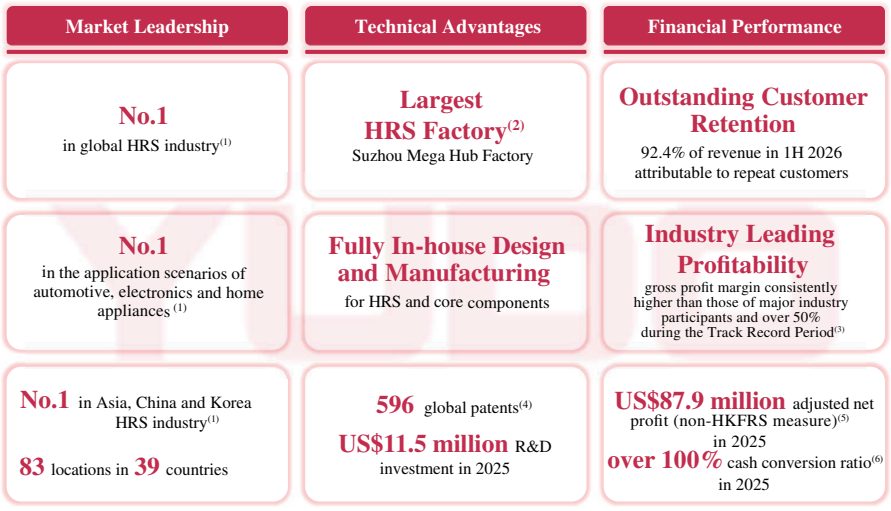
Notes (1) to (4): Please refer to the corporate structure immediately before the completion of the **[REDACTED]** in this section.

OVERVIEW

We are a global precision thermal management technology company and the world's largest provider of HRS, in terms of revenue, accounting for approximately 12.5% of the global HRS market in 2025, according to F&S. We design, engineer and manufacture differentiated thermal control products and solutions that govern the heating, cooling and flow of materials in precision manufacturing processes, across an expanding range of applications and evolving end markets. Consistent with our vision, we are dedicated to enabling manufacturers worldwide to improve product quality, enhance production efficiency and reduce material waste through our thermal control technologies.

What We Offer

We provide integrated thermal control solutions. Our offering spans pre-sales computer-aided engineering analysis and design consulting, temperature controllers and smart devices such as our YU Data real-time monitoring system, mold sensors and smart junction boxes that connect our systems to our customers' production management systems, and comprehensive after-sales services, including real-time monitoring, technical support and the replacement of spare parts. Through the integration of products, enabling technologies, production data and services, we are advancing from a product supplier into a technology-driven solution provider.



Notes:

(1) In terms of revenue in 2025, according to F&S;

(2) In terms of GFA as of December 31, 2025, according to F&S;

(3) According to F&S;

(4) As of June 30, 2026; and

(5) Adjusted net profit for the period is calculated by adding the fair value change of convertible preference shares and convertible preference share dividends, which were non-recurring and non-operating in nature, to our profit/(loss) for the period.

(6) The cash conversion ratio is calculated as operating cash flow divided by adjusted net profit (non-HKFRS measure).

Our HRS and associated enabling technologies are tailored to diverse needs of plastic injection molding manufacturers across our four core downstream sectors: automotive, electronics and home appliances, packaging and others. Our multi-brand portfolio spans premium to value tiers, allowing us to serve customers across different pricing segments. We are the only market player able to provide the full spectrum of HRS with every key component produced in-house according to F&S. During the Track Record Period, we mainly generated revenue from sales of HRS sets, supplemented by sales of HRS parts, including temperature controllers, smart devices and other injection molding-related products.

Our Leadership and Capabilities

Our capabilities are built on nearly four decades of experience in addressing thermal control challenges in precision manufacturing and are centered on three technology pillars: precision thermal control, high-fidelity flow control and material-responsive process intelligence. These pillars have been developed in-house and have supported our leadership in HRS, where we ranked first globally by revenue in 2025 according to F&S. These pillars are supported by our five core technologies: precision thermal control is supported by our direct tip heater system and slim-eco heater; high-fidelity flow control is enabled by our diffusion bonding technology and 3D metal printing capabilities; and material-responsive process intelligence is supported by our PVC-dedicated HRS (T-System).

Our core technologies were initially commercialized through our HRS products and solutions. Our solutions are primarily used in the automotive, electronics and home appliances, packaging and other industries where the performance requirements of precision thermal control have supported our market leadership. According to F&S, in terms of revenue in 2025, we ranked first in the global HRS market with a market share of approximately 12.5%, first in Asia, the largest and fastest-growing regional market, with a market share of approximately 21.5%, and first in both China and Korea. By application segment, we ranked first globally in both the automotive and electronics and home appliances segments by revenue in 2025. Our established position in the HRS market has provided a foundation for expanding the application of our precision thermal control technologies into adjacent plastic molding applications, including ultra-precision runnerless molding for contact lenses, in-mold polyurethane coating and supercritical-fluid foam molding for footwear midsoles and multi-material co-injection for automotive interior and food packaging applications.

Our precision thermal control technologies are also applicable to materials and processes beyond plastic injection molding. Leveraging the same three technology pillars proven through our leadership in HRS, we are developing heater blocks and solutions for magnesium and aluminum die casting, which are both undergoing internal testing. Across these verticals, we generally commence with the supply of components, progress to the supply of integrated systems and, where customer requirements support it, further supply turnkey production lines. This progression enables us to participate in a broader portion of our customers' manufacturing processes and increases the scope of products and services we provide.

Market Opportunity in Precision Thermal Management

Precision thermal management encompasses the control of heating, cooling and material flow to improve product quality, manufacturing efficiency, material utilization and process stability. Compared with coarse thermal management, precision thermal control maintains the melt within a narrow temperature band throughout the flow path, which reduces defects, shortens cycle times and allows the use of temperature-sensitive materials. Compared with cold runner systems, in which the runner solidifies and is scrapped in each cycle, HRS keep the resin molten from the machine nozzle to the gate, eliminating runner waste and enabling faster and more consistent production. According to F&S, thermal performance is becoming increasingly important across modern manufacturing processes as manufacturers pursue higher precision, improved productivity and reduced waste. Following such trend, the market size of the global precision thermal management solution industry increased from US$293.3 billion in 2020 to US$314.1 billion in 2025, representing a CAGR of 1.4%, and is expected to reach approximately US$405.1 billion by 2030, representing a CAGR of 5.2% from 2025 to 2030. Plastic injection molding represents one of the most demanding applications of precision thermal management, where the performance of HRS directly affects part quality, cycle efficiency and overall production economics. We believe our technological capabilities developed through HRS provide us with a foundation to capture opportunities in a broader range of precision-manufacturing applications.

According to F&S, demand for precision, sustainability and process integration is accelerating across various industrial sectors, including the end markets we currently serve, such as automotive, electronics and home appliances and packaging, as well as other precision manufacturing applications. According to F&S, as these trends develop, precise control of heating, cooling and material flow is becoming increasingly important across a broader range of industrial processes, including semiconductor fabrication, optical-grade molding and footwear production. According to the same source, the growth of the global HRS market is driven by, among other things:

- the expanding application of HRS across high-demand sectors, where increasingly complex product designs, tighter tolerances and higher performance expectations demand advanced molding solutions;

- manufacturers' pursuit of production efficiency, cost reduction and product quality, as HRS minimize material waste, shorten cycle times and ensure uniform part quality through precise temperature control;

- mounting regulatory pressures and corporate sustainability commitments, which are accelerating the shift toward environmentally responsible manufacturing and the increasing use of recycled, bio-based and other advanced resins that require HRS capable of processing them reliably; and

- the shift toward smarter HRS equipped with advanced sensors, closed-loop controls and real-time monitoring, increasingly integrated with digital manufacturing platforms.

Each of these trends creates growing demand for the precision thermal control capabilities that we have spent nearly four decades building, both within plastic injection molding and in the adjacent application verticals into which we are expanding.

Our Customers and Global Presence

Our customers primarily comprise independent mold makers, which integrate our HRS into complete mold assemblies for delivery to manufacturers of end products. In addition, we work directly with end product manufacturers, which frequently dictate the selection of the HRS supplier to their mold makers and with which we engage from the early stages of product design. In either case, we engage with the customers at the design and consultation stage to define the specifications of the HRS. Our HRS have been used in the production of end products manufactured by leading automotive manufacturers in China and Korea and leading electronics and home appliance manufacturers in Asia. We have maintained stable business relationships with a number of our customers for over 20 years. In the six months ended June 30, 2026, 92.4% of our revenue was attributable to repeat customers.

We have established an extensive global presence, having sold our products and solutions to customers in 86 countries and regions as of June 30, 2026. Our global reach is supported by a sales and customer service network of 83 locations across 39 countries and regions which is the largest sales and customer service network in the global HRS market by number of locations according to F&S. In the six months ended June 30, 2026, 56.1%, 16.7% and 7.8% of our total revenue was generated from Greater China, Korea and Europe, respectively. As of the Latest Practicable Date, we operated 13 production facilities in nine countries, including our Suzhou Mega Hub Factory, which, according to F&S, is the largest HRS dedicated production facility in the world by GFA.

Financial Performance

Our revenue amounted to US$367.3 million, US$373.0 million, US$380.8 million, US$187.9 million and US$181.6 million, respectively, in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026. Over the same periods, we maintained a stable profit margin profile, with gross profit margins of 54.1%, 54.4%, 54.4%, 54.0% and 55.3%, respectively, and adjusted net profit (non-HKFRS measure) of US$74.2 million, US$78.3 million, US$87.9 million, US$45.6 million and US$39.6 million, respectively. According to F&S, our gross profit margin is consistently higher than those of major industry participants in the global precision thermal management solution industry throughout the Track Record Period.

OUR STRENGTHS

Our proprietary core technologies underpin product leadership across molding applications

Our leadership is anchored in three self-developed and interconnected technology pillars, namely precision thermal control, high-fidelity flow control and material-responsive process intelligence. These pillars are embedded in our products and solutions and have been applied in our customers' production lines worldwide, underpinning both our product and market leadership. See "— Our Core Technologies."

Precision thermal control. Our direct tip heater system provides individual temperature control down to the nozzle tip, maintaining thermal balance within approximately ±5% from the gate to the nozzle body and enabling stable processing of materials, including recycled and biodegradable resins, which are highly sensitive to temperature, such that a small deviation can degrade the resin and the quality of the end product. Our slim-eco heater, an ultra-thin, five-layer thin-film heating element with a minimum thickness of 0.25 mm, delivers precise temperature control and may reduce power consumption by approximately 50% compared with conventional coil heaters, and is designed for use in narrow-pitch, multi-cavity molds beyond the reach of conventional heaters.

High-fidelity flow control. Our diffusion bonding technology enables complex three-dimensional resin channels that eliminate sharp corners and dead spots within the manifold, which may improve temperature balance and color-change performance. In certain application cases, our diffusion bonding technology reduced dark-to-bright color-change time from four to eight hours to under ten minutes and bright-to-dark color-change time from twenty to thirty minutes to under five minutes, and, in a door trim color-change application, reduced the number of purge shots required for a color change from over 20 shots to a single shot, resulting in an approximately 75% reduction in resin consumption during the changeover process. Our 3D metal printing technology integrates copper-based and printed steel materials in nozzle tips to balance heat conductivity and wear resistance, which can extend the working life of nozzle tips from approximately 600,000 shots for standard tips to over 2.5 million shots for 3D-printed tips, and is expected to reduce tip maintenance costs by approximately 80%.

Material-responsive process intelligence. Embodied in our CAE-based design and simulation capabilities, each of our HRS is designed on the basis of thermal and flow analysis before manufacture. PVC-dedicated HRS (T-System), the world's first HRS dedicated to PVC according to F&S is designed for processing of corrosive PVC resins, which conventional HRS are generally unsuitable. Together, these technologies support the development of our products and solutions.

R&D underpins our product development and market position. Our R&D activities are conducted through a dedicated R&D team, which focuses on developing our core technologies and product platforms, and is complemented by a design and application engineering organization across our major markets. They undertake customer-specific design and engineering projects under our engineering-to-order business model. While our core R&D team drives the development of foundational technologies, the project-based work of our design and engineering organization generates application know-how and operational insights that support the ongoing development of our products and solutions. We invest consistently in R&D, with R&D expenses amounted to US$11.1 million, US$10.4 million, US$11.5 million, US$5.5 million and US$5.7 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026. As of June 30, 2026, our portfolio comprised 629 patents and patent applications, including 596 patents in force, across multiple jurisdictions, covering our proprietary technologies including diffusion bonding, 3D metal printing and specialized nozzle systems for liquid silicone rubber and PVC applications. Our accumulated R&D capabilities have supported our expansion into additional application verticals, including heater blocks, multi-material co-injection, contact lens molding, in-mold coating and footwear applications including recycled and biodegradable resins.

We are the global No.1 HRS provider, with a diversified customer base and long-standing customer relationships

We are the largest provider of HRS globally, with a market share of approximately 12.5% in terms of revenue in 2025, according to F&S. We also ranked first in Asia, the largest and fastest-growing regional HRS market, with a market share of approximately 21.5%, as well as in China and Korea markets, and ranked first globally in each of the automotive and electronics and home appliances application segments, according to the same source. This leadership position provides us benefits beyond scale. Our scale supports economies in procurement and production. Our installed base across industries and geographies generates extensive application data and engineering insights that support our product development and understanding of the molding requirements of different end markets. In addition, our track record serving global manufacturers supports the adoption of our solutions in existing end markets and additional application verticals.

As of June 30, 2026, our customer base spanned 86 countries and regions, with revenue distributed across multiple continents. We serve a broad range of customers, and our HRS have been used in the production of end products for leading automotive manufacturers in China and Korea and leading electronics and home appliance manufacturers in Asia. In the six months ended June 30, 2026, 57.5%, 18.9%, 10.5% and 13.1% of our revenue from HRS sets was attributable to the automotive, electronics and home appliances, packaging and other sectors, respectively. Our diversified customer base reduces our exposure to fluctuations in any single geographic market or industry sector and provides access to a broad range of end markets.

We have developed long-term relationships with many customers. We often engage with customers during the early stages of product development. Through our key account managers, we may participate in customers' product design process before tooling is finalized, and our engineering teams develop HRS solutions tailored to the specific resin characteristics, mold structures and production requirements of each application. Once our systems are incorporated into a customer's tooling and validated in production, replacing such systems may require adjustments to production parameters and tooling configurations, resulting in significant switching costs. We support customers throughout the product lifecycle through comprehensive after-sales services, including real-time monitoring of our systems through our IoT-based TMC system, 24/7 online technical support and training programs for customers' employees, which facilitates ongoing engagement with customers.

The strength of these relationships is reflected in our operating and financial performance. We have served many customers for over 20 years. In the six months ended June 30, 2026, 92.4% of our revenue was attributable to repeat customers, which is significantly higher than the HRS industry average according to F&S. Our installed base also generates structurally recurring demand, including replacement parts and after-sales services, as HRS are consumable-intensive systems that are replaced or refurbished across successive mold generations. Combined with a multi-brand strategy covering the full price spectrum, this customer loyalty provides revenue visibility and stability across market cycles. It also underpins our profitability: our gross profit margin was consistently higher than those of major industry participants in the global precision thermal management solution industry during the Track Record Period, according to F&S. In turn, the loyalty of our customer base consolidates our market leadership, as repeat demand and long-term relationships attract further customers and carry our solutions into new application areas, reinforcing the cycle of scale and customer retention on which our position is built.

Our fully integrated, highly automated in-house manufacturing supports quality, cost efficiency and speed

We manufacture every key component of our HRS in-house, including nozzles, manifolds, heaters, cylinders and temperature controllers. This vertical integration enables us to oversee quality throughout the production process, protect our intellectual property, reduce costs, shorten lead times and accelerate design iteration. Our vertical integration also reduces our dependence on external suppliers for core components. For raw materials and components that we source externally, we apply disciplined procurement practices, including obtaining quotations from at least two vendors, monitored at group level, and holding regular meetings among our major manufacturing bases to share and compare procurement prices. These practices support supply chain resilience, improve procurement transparency and help manage raw material costs across our manufacturing network.

According to F&S, we have the largest HRS production capacity globally in terms of annual nozzle and manifold output, and our Suzhou Mega Hub Factory is the largest dedicated HRS production facility globally by GFA. As of the Latest Practicable Date, we operated 13 production facilities in nine countries. In the six months ended June 30, 2026, our average capacity utilization rate was over 95%, reflecting sustained demand across our manufacturing network.

Our global manufacturing footprint is designed to balance cost efficiency with local responsiveness. We generally produce manifolds at facilities close to the customers they serve, as manifolds are heavy and costly to transport. We manufacture heaters and nozzles principally at our Suzhou Mega Hub Factory for global distribution, as these components are lighter and easier to ship. This hub-and-satellite model enables us to respond quickly to local demand, optimize inventory management and achieve manufacturing efficiencies at scale. This manufacturing model contributes to efficient inventory management. Our average inventory turnover days were 85 days, 85 days, 89 days and 101 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, which is lower than that of major industry participants in the HRS market according to F&S.

Our manufacturing is highly automated and supported by our in-house proprietary enterprise resource planning system ("**Yudo ERP**"), customized for our manufacturing processes and supporting functions, which integrates key business processes, including design, order processing, production planning, quality inspection and delivery. We are in the process of extending the Yudo ERP system to all our subsidiaries. Together with our automated production processes and continuous workflow optimization, this enables us to efficiently manufacture products tailored to customers' specifications without sacrificing lead times, while maintaining quality consistency and operational efficiency across our global manufacturing network. Our manufacturing platform also supports expansion into new application verticals, as many new product categories can leverage existing production facilities, engineering expertise and manufacturing processes, reducing incremental capital expenditure and shortening commercialization timelines.

We are led by a visionary, hands-on management team with a proven track record of execution

Our senior management team combines extensive industry experience with a hands-on management approach. Led by our Chairman, Mr. Yu Sung Jin, and our Chief Executive Officer, Mr. Han Seungyup, each of whom has over 20 years of experience in HRS research and development, manufacturing and operations, our management team remains closely involved in product development, customer engagement and strategic decision-making. This approach enables us to respond efficiently to evolving customer requirements, pursue opportunities in new applications and markets and adapt to industry trends. Since our origins in Korea, we have expanded into a global business through successive generations of leadership while continuing to identify and act on emerging industry trends, such as the transition to sustainable materials and green plastics.

Our management team has also played a key role in developing and optimizing our manufacturing operations, including by increasing automation and improving production efficiency. These initiatives, together with our vertically integrated manufacturing model and disciplined cost management, support our operational efficiency and profitability. Our profitability and cash-generating capability enable us to continue investing in new technologies, manufacturing capabilities and new application verticals while maintaining operating performance.

OUR STRATEGIES

Strengthen our leadership in HRS and deepen our penetration in existing end markets

We intend to further strengthen our global leadership in HRS by deepening our penetration of key end markets, broadening our customer base and capturing demand arising from increasingly complex manufacturing requirements across our four core downstream sectors: automotive, electronics and home appliances, packaging and others.

We aim to capitalize on structural developments across these end markets that are increasing the technical requirements for HRS and favor suppliers with advanced thermal control capabilities. In the automotive sector, we intend to deepen our engagement with electric vehicle manufacturers and suppliers, where increasing use of large and lightweight plastic components often demands enhanced thermal uniformity and flow control. We plan to leverage our flagship TINA AM system, which features large-format angled manifolds, to address these requirements. In the packaging sector, we intend to support customers adopting recycled, biodegradable and other advanced resin materials by developing thermal and flow-control solutions tailored to their processing requirements. In particular, we intend to increase our penetration of medical manufacturers and contract molders operating highly regulated and high-cavity production environments. We believe our diffusion-bonded manifold technology and simulation-based design capabilities are well suited to the precision, consistency and validation requirements of these applications.

We also intend to broaden our customer base across multiple pricing segments and geographic markets through our multi-brand strategy. We plan to position our value-tier brands, Hans, Sino and Cherry, through standardized, cost-efficient products and solutions of simpler structure targeting price-sensitive customer segments, while reserving our premium brands, YUDO and Runipsys, for highly customized and application-engineered solutions. This approach enables us to expand customer coverage while maintaining differentiated brand positioning across our product portfolio.

Extend our precision thermal control platform into new application verticals and adjacent markets

Building on the three technology pillars proven through our leadership in HRS, we are extending into new application verticals in which precise thermal control is a critical determinant of product quality and production economics, or is required by emerging production processes. These opportunities span both adjacent industrial applications and emerging manufacturing processes that require precise thermal control capabilities. Five such application verticals are described below, reflecting different stages of commercialization and development.

Multi-material co-injection. Increasing sustainability requirements and recycled-content mandates, particularly in the European Union, require manufacturers to incorporate PCR materials into their products without compromising surface quality or regulatory compliance. Co-injection addresses this requirement by molding two or more resin streams within a single cycle, encapsulating recycled or functional materials within an outer layer of virgin resin, and, according to F&S, is one of the few commercially proven technologies capable of encapsulating PCR materials in food packaging while maintaining regulatory compliance. Having delivered commercial systems to automotive interior and food packaging customers, we intend to broaden the adoption of our co-injection systems across regulated end markets, beginning with medical device housings.

Ultra-precision runnerless molding for contact lenses. The production of contact lenses, a market with an expected CAGR of approximately 8.2% from 2025 to 2030, according to F&S, requires thin-wall molding across large numbers of cavities with ultra-precise thermal control, minimal material waste and integration with MES and automation lines. Building on our validated 40-cavity runnerless system with contact lens manufacturers in Korea, we intend to further commercialize our contact lens manufacturing solutions, including through dedicated production capabilities and the supply of high-cavity molding systems integrated with our HRS. Over time, we may also seek opportunities to provide more integrated production solutions, including turnkey production lines supported by long-term maintenance and upgrade contracts, where customer demand supports such offerings.

Heater blocks. We are developing heater blocks for advanced wafer processes, including CVD, PVD, ashing and etching applications. We have validated the bonding process, which is the core technology in heater block manufacturing, using our own diffusion bonding equipment and through deliveries of bonding-process components to domestic manufacturers. Building on this process capability, we intend to further develop and validate finished heater block products and expand into high-temperature applications, including next-generation AlN ceramic heaters for advanced wafer processes.

Supercritical-fluid foam molding for footwear midsoles. The footwear industry is shifting from chemical blowing agents to supercritical-fluid physical foaming for the production of lightweight, recyclable midsoles, a process that requires precise thermal and pressure stability. Our HRS platform delivers this stability, and we are cooperating with a manufacturer in Korea to explore further opportunities for this application. We intend to complete the development of hot runner and thermal control solutions for this application, to establish supply chain and manufacturing support capabilities for footwear manufacturers in Korea and to pursue broader adoption of our solutions among global footwear manufacturers.

In-mold polyurethane coating. Automotive manufacturers are seeking to eliminate conventional paint shops in order to reduce VOC emissions and shorten production cycles. Our in-mold coating technology addresses this need by integrating polyurethane coating directly into the injection mold. We intend to complete the co-development of a large exterior-panel program with a leading Korean automotive manufacturer and its Tier 1 suppliers, to pursue broader commercialization following customer validation and certification, and to build in-house digital-integration capabilities for our in-mold coating systems.

Across these application verticals, we generally seek to leverage our thermal control technologies through a phased commercialization approach. We typically commence with the supply of components, expand into integrated systems and, where customer requirements and project economics support it, further provide broader manufacturing solutions, including turnkey production lines. This approach will allow us to deepen customer engagement, increase the value of our offerings and expand recurring service opportunities.

Deepen customer relationships through early engagement and lifecycle support

We intend to deepen our customer relationships by engaging with customers from the early stages of product and process design and continuing to support them throughout the lifecycle of their production programs. We plan to strengthen our key account management capabilities and expand our dedicated CAE analysis teams, through which we provide pre-sales CAE analysis and design support, including recommendations on thermal layout, flow-channel geometry and process parameters before tooling designs are finalized. Early involvement in customers' development processes allows us to better align our solutions with their requirements and supports the incorporation of our products and solutions into customer production programs. Once validated in production, replacement of our solutions may require modifications to tooling design, production parameters and validation processes, which can increase customer stickiness and position us to participate in future product generations and production programs.

We also intend to further develop our installed base as a source of recurring customer engagement. Our installed base creates ongoing opportunities for replacement parts, maintenance services and repeat purchases as customers renew or replace molds over time. We plan to expand our service, spare parts and performance-enhancement offerings and increase the adoption of our temperature controllers and smart devices across our customer base. As selected new application verticals mature and our offerings expand from components to systems and, in certain cases, turnkey production lines, we intend to pursue similar lifecycle service and maintenance opportunities to strengthen customer relationships and support recurring revenue streams.

Continue to invest in R&D to advance our core technologies and AI-enabled design

R&D is central to our long-term competitiveness, and we intend to continue investing in the enhancement of our core technologies and digital capabilities. First, we plan to further advance our diffusion bonding technology and 3D metal printing capabilities to address increasing product complexity across our core HRS business and selected adjacent application verticals. We intend to continue developing solutions for more complex flow geometries, larger-format systems and new material applications, including conformal cooling and multi-material nozzle tips.

Secondly, we plan to develop AI-assisted product development tools that enable the automated generation and rapid iteration of product designs, leveraging our proprietary repository of historical design, simulation and field-performance data accumulated through decades of HRS engineering experience. We expect these tools to shorten design lead times and improve design-to-performance accuracy. Through our dedicated AI subsidiary in Shenzhen, we plan, by around 2030, (i) to pilot AI-assisted HRS design automation by structuring our accumulated design assets and rules to shorten design lead times and quoting cycles; (ii) to extend AI capabilities to our enterprise processes and ERP workflows; and (iii) to embed process optimization, predictive maintenance and vision inspection into our systems, and supervisory control and AI-based quality inspection into our turnkey production lines.

Thirdly, we plan to further develop AI-enabled process intelligence across our products and manufacturing solutions. We intend to incorporate AI-assisted process optimization, predictive maintenance, machine vision inspection and other data-driven capabilities into our systems, including our co-injection and in-mold coating solutions, drawing on operational and field-performance data from our global installed base. These initiatives are expected to enhance product performance, manufacturing efficiency and the value of our solutions to customers across both our existing and emerging application verticals. To support these initiatives, we plan to continue strengthening our intellectual property portfolio and expanding our R&D and engineering capabilities, including through the recruitment and development of talent in software engineering, data science, AI and advanced manufacturing technologies.

Expand and optimize our global manufacturing footprint to support growth in our core HRS business and selected adjacent application verticals

We intend to expand our production capacity and further enhance our hub-and-satellite manufacturing model to support the continued growth of our HRS business and the commercialization of selected adjacent application verticals. We plan to expand capacity at our facilities in Suzhou and Dongguan to accommodate growing demand for our products and solutions, including products for selected new applications such as contact lens and footwear products, which can be manufactured on the same production lines as our HRS. In the six months ended June 30, 2026, our production utilization rate was over 95%, and we expect the planned expansion to increase our annual production capacity to serve our strategic expansion plans. We also plan to develop pilot production capabilities for emerging applications, including HRS for magnesium and aluminum die casting, as these programs progress toward commercialization.

Secondly, we plan to further enhance our global manufacturing footprint by establishing additional production or assembly facilities in selected markets for both increasing demand for our HRS and new application segments. These facilities are expected to shorten lead times, reduce logistics costs and enhance our responsiveness to customers' localization requirements, particularly as multinational manufacturers increasingly diversify their production across regions.

Thirdly, we intend to continue investing in automation, robotics and digital manufacturing systems, including the roll-out of our Yudo ERP system across our subsidiaries. These investments are expected to improve productivity, maintain quality consistency and support scalable manufacturing across an expanding product portfolio and a broader range of application verticals.

Selectively pursue strategic acquisitions and partnerships to complement our organic growth

While organic growth remains our primary growth strategy, we intend to selectively evaluate and pursue acquisition and strategic partnership opportunities that complement our existing capabilities and support our long-term growth. We may pursue acquisitions of businesses with complementary technologies, product offerings, customer relationships, application expertise or geographic presence, such as HRS providers focusing on packaging and lighting applications. We also intend to deepen cooperation with participants across the manufacturing value chain, including injection molding machine manufacturers, mold makers, automation integrators and material suppliers, and may enter into strategic partnerships or joint ventures in selected application verticals to accelerate commercialization and expand our market reach. We will evaluate such opportunities based on strategic fit, financial discipline and integration feasibility, with a focus on enhancing our technology platform and broadening our solution offerings. As of the Latest Practicable Date, we had not identified any specific investment or acquisition targets or entered into any memorandum of understanding.

OUR PRODUCTS AND SOLUTIONS

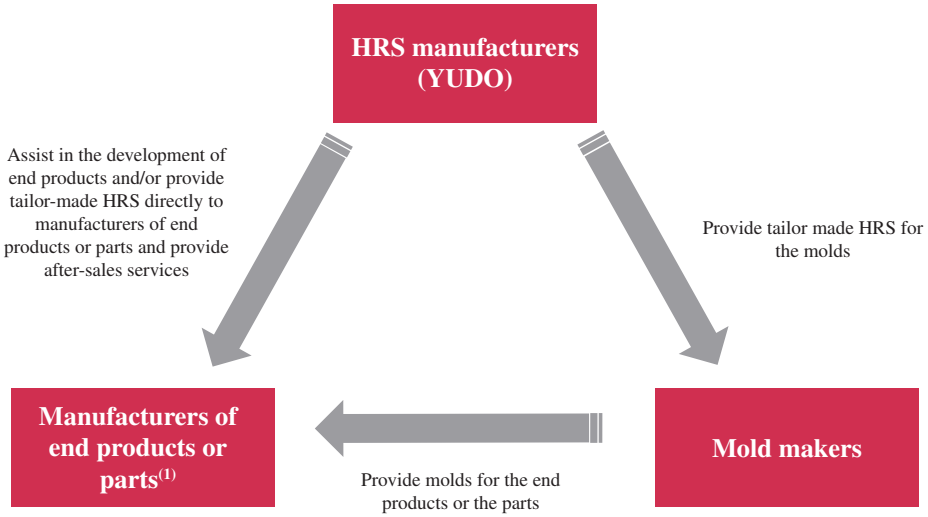
We design and supply HRS turnkey solutions to address our customers' customized manufacturing needs across a diverse range of downstream industries and applications covering automotive, electronics and home appliances, packaging and other uses. With nearly four decades of operational history, we have accumulated extensive proprietary technical expertise, advanced technologies and an in-depth understanding spanning mold structures, material processing, resins and the physical characteristics of mass-produced plastic products. Leveraging our deep industry insights and core technologies, we design, develop and manufacture a comprehensive portfolio of highly sophisticated and customizable HRS that are engineered to optimize thermal balance, minimize material waste and enhance production efficiency and product quality while meeting stringent technical requirements.

We generate revenue primarily from the sales of our HRS sets. In addition to HRS sets, we also sell HRS parts, including temperature controllers and replacement component parts and others relating to injection molding, such as mold bases. The following table sets forth a breakdown of our revenue by product type for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	(US$'000, except for percentages)						*(unaudited)*		*(unaudited)*	
HRS sets	308,109	83.9%	313,460	84.0%	321,886	84.5%	159,871	85.1%	153,213	84.4%
HRS parts	54,239	14.8%	55,096	14.8%	54,657	14.4%	26,029	13.9%	26,244	14.5%
Others	4,915	1.3%	4,452	1.2%	4,273	1.1%	2,009	1.0%	2,107	1.1%
Total	**367,263**	**100.0%**	**373,008**	**100.0%**	**380,816**	**100.0%**	**187,909**	**100.0%**	**181,564**	**100.0%**

Our Business Model

The HRS value chain comprises several key market participants: HRS manufacturers, mold makers and manufacturers of end products or parts, including electronics and home appliance and automotive manufacturers, OEMs and Tier 1 suppliers in electronics and home appliance automotive industries. The diagram below briefly illustrates the HRS value chain.



Note:

(1) Including electronics and home appliance and automotive manufacturers and OEMs, and Tier 1 suppliers for electronics and home appliance and automotive manufacturers.

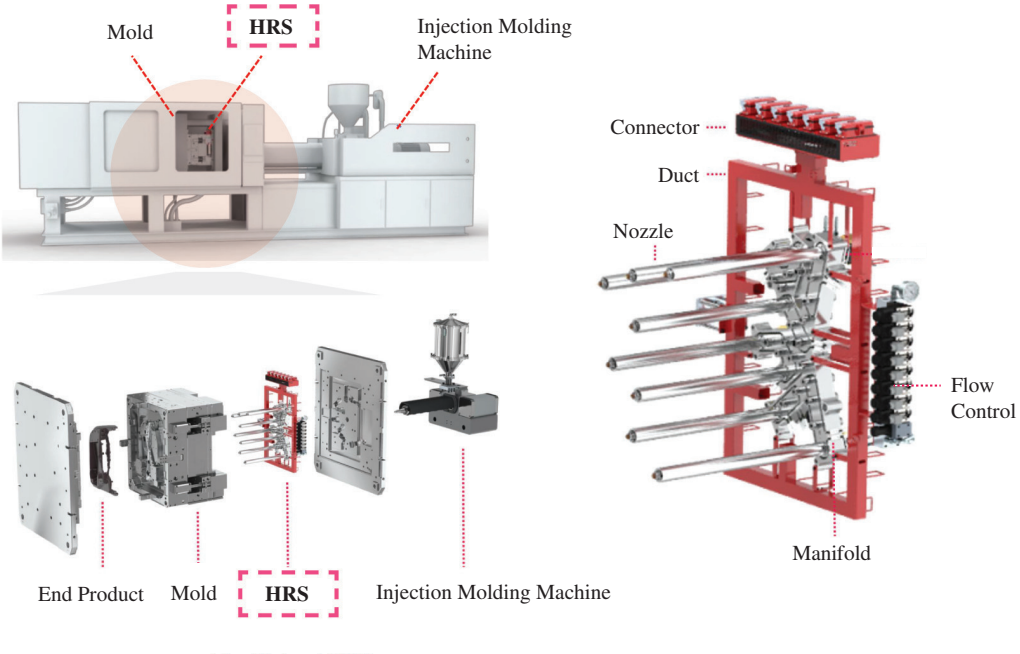
We operate an integrated B2B business model, distributing our highly customized HRS through a dual-channel framework. Our primary commercial channel involves selling HRS to independent mold makers, who mechanically integrate them into complete, high-precision mold frameworks before delivering the final assemblies to end product manufacturers. We also make direct sales to end product manufacturers upon request. Because our systems are mission-critical to the quality of the injection molding output, end product manufacturers frequently dictate the selection of HRS suppliers to mold makers. Consequently, we regard both mold makers and end product manufacturers collectively as our core customer ecosystem.

Our customized HRS function as essential subsystems across diverse downstream sectors, including automotive, electronics and home appliances, packaging and others. Driven by continuous technological shifts and evolving consumer preferences, these markets are characterized by abbreviated product lifecycles and frequent design modifications. To capture this recurring demand, we embed our engineering capabilities into the R&D pipelines of prominent end product manufacturers during their early design stages, positioning our HRS to secure specified procurement slots as new products transition to mass production.

Our Products

HRS are highly engineered, critical components utilized in the production of parts for a wide range of plastic products and other applications. They are used in injection molding, the most common manufacturing method for mass production of plastic parts. They channel molten plastic from an injection molding machine into a mold while optimally filling the mold cavities at the required temperature and pressure so that the plastic material is heated uniformly, while the rest of the injection mold is cooled in order to solidify the end product quickly. HRS are mission-critical to the injection molding process — any malfunction of HRS can result in production disruption and damage to the molds.

The pictures below show the typical structure of an injection molding machine and HRS.



HRS are mainly composed of nozzles, manifolds, flow control components, connectors and hot halfs. The manifolds hold the nozzles and distribute the molten plastic into different nozzles, the nozzles inject molten plastic into cavities, the flow control components control the molten plastic flow through the nozzles, the connectors, including thermocouple, pneumatic, electrical, hydraulic and coolant connectors, provide functionality to the system and the hot half mounts in the customer's mold.

Our HRS are highly customizable — our customers can select the size and type of our HRS based on the characteristics of their products and the type of resin used. Through simulation and analysis, we design and produce our HRS to optimal specification in ensuring high quality and maximized production efficiency for our customers' end products. They include large and complex products (such as bumpers, dashboards, door trims, car lamps, TV frames, TV back covers, washing machines and fridges) that usually require a high level of customization, small parts that require precision in production (such as mobile devices, connectors, sockets and gears) as well as packaging products that require stable mass production (such as cosmetic cases, closures and containers). Our HRS are generally compatible with most injection machine models on the market. Many of our HRS are pre-assembled for ease of installation and quick switching and swapping.

We offer a comprehensive line-up of HRS product architectures — including our flagship TINA AM system for large automotive parts, our TINA UP direct tip heater system for premium, transparent and sustainable resin applications, and our YUDO PACK, TINA PMC and TINA MC systems for high-volume multi-cavity production — each custom-engineered to meet the distinct manufacturing needs of our major downstream end markets. We divide our primary application areas into four core downstream sectors: automotive, electronics and home appliances, packaging and others.

The table below sets forth our main HRS models by end-industry application:

HRS Model	Automotive	Electronics and home appliances	Packaging	Others
TINA AM	✔	✔		
TINA UP	✔	✔	✔	
TINA GP	✔	✔	✔	
TINA EP	✔	✔	✔	
YUDO PACK . . .			✔	✔
TINA PMC			✔	✔
TINA MC	✔	✔	✔	
TINA MT		✔	✔	
TINA SG			✔	✔
T-System				✔

Automotive Sector

The automotive sector is our largest and most demanding application area. Our automotive HRS products and solutions are custom-built to handle large-scale, high-pressure liquid plastic injections for large vehicle parts while ensuring an ideal visual finish, known as a Class-A surface. Automotive manufacturers and their Tier 1 suppliers use our systems to manufacture front and rear bumpers, grilles, fenders, tailgate panels, wheel arches, dashboards, center consoles, door panels, high-clarity headlight housings and multi-color rear lamp setups. The end product manufacturers using our HRS include leading automotive manufacturers in China and Korea.

The table below sets forth our key HRS models serving the automotive sector:

Model	Positioning and Key Applications	Key Specifications
TINA AM	Our flagship heavy-duty system engineered for large-scale automotive parts, such as bumpers, interior parts and trunk assemblies	Nozzle sizes: Φ8mm–Φ22mm; shot weights: up to approximately 1,000g or more; open and valve gating; pneumatic, hydraulic or electric actuation
TINA UP	Premium direct tip heater system for transparent and optical applications, such as automotive lamps and LED optics	Nozzle sizes: Φ10mm–Φ22mm; shot weights: up to approximately 1,500g; open and valve gating; long and short variants

Case Study

In response to the demands of large-part automotive molding, we developed our flagship TINA AM system. The following sets forth the details of TINA AM as a case study.

- *Application area:* large automotive exterior and interior parts, such as bumpers, dashboards, tailgate panels and lamp bases.

- *Our product:* TINA AM, our flagship heavy-duty HRS for the automotive sector.

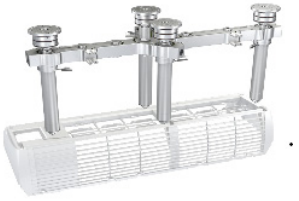
- *Customer requirements and pain points:* molding large automotive parts requires the high-pressure injection of massive resin volumes across long flow paths, while visible surfaces must achieve Class-A appearance quality free of flow marks and weld lines; any resin leakage or unplanned downtime on a high-volume vehicle program is costly; and automotive manufacturers increasingly require frequent color changes across a wide range of colors and lighter-weight parts using long glass fiber resins for electric vehicles.

- *Product features and competitive advantages:* TINA AM is a fully integrated, pre-assembled and pre-wired system installed as a single unit, delivering uniform performance and quality, faster installation and stable production. Its screw-type nozzle eliminates the need for close-tolerance machining of the nozzle flange area, simplifying mold plate design and manufacturing; its cylinders, specialized for large parts, are equipped with individual cooling plates that maximize cooling efficiency and prevent resin leakage; its high-conductivity aluminum heaters maintain the uniform heat balance required for premium surface finishes; its angled-gate capability enables direct gating on sloped mold parting lines, expanding design freedom for complex vehicle geometries; and the system can be inspected by simply removing the top clamping plate without first dismantling the cylinder components, significantly reducing maintenance time.

Electronics and Home Appliances Sector

The electronics and home appliances sector demands an exceptional balance of aesthetic precision, structural integrity and high-volume production efficiency. Our specialized HRS are engineered to handle the challenges of thin-wall molding and rapid cycle times while eliminating cosmetic defects like weld lines or gate vestiges on visible surfaces. Leading electronics and home appliances manufacturers in Asia and other key markets utilize our HRS embedded with sequential valve gating and advanced thermal control technologies to manufacture sleek television bezels, durable washing machine tubs and top covers, refrigerator door liners, air conditioner housings, laptop enclosures, smartphone casings and intricate internal components for small home appliances.

The table below sets forth our key HRS models serving the electronics and home appliances sector:

Model	Positioning and Key Applications	Key Specifications
TINA GP 	Our advanced standard-platform system for home appliance housings and components, such as washing machines and air conditioners	Nozzle sizes: Φ8mm–Φ22mm; shot weights: up to approximately 1,000g or more; open and valve gating
TINA EP	Optimized for engineering resins requiring delicate processing conditions, serving office appliances, PC and mobile components and connectors	Nozzle sizes: Φ5mm–Φ12mm; shot weights: up to approximately 200g; open and valve gating; minimum valve gate-to-gate pitch of 36.5mm

Case Study

In response to the breadth and cycle-time demands of the electronics and home appliances sector, we developed our TINA GP system as our standard platform. The following sets forth the details of TINA GP as a case study.

- *Application area:* home appliance and electronics components, from thin-wall housings to structural parts, including washing machines, air conditioners and televisions.

- *Our product:* TINA GP, our advanced standard-platform HRS.

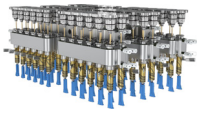
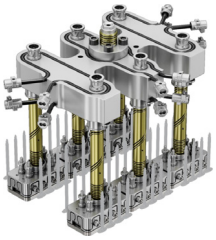
- *Customer requirements and pain points:* manufacturers in this sector mold a broad variety of components under constant pressure for rapid cycle times and cosmetic surfaces free of visible defects and therefore require a standard platform that can be configured quickly and perform reliably across widely varying molding and cooling conditions.

- *Product features and competitive advantages:* developed through extensive application experience and proven thermal analysis technology, TINA GP maintains a uniform heat balance from the nozzle to the manifold through multi-stage thermal control by our T-Heater, a heater with multiple independently controlled heating zones, preventing gate solidification and minimizing product quality variations; its one-body nozzle flange configuration and direct-to-mold clamping structure ensure operational stability; and its thermal insulation structure and optimized gate design reduce heat loss and prevent molding defects such as gate freeze-off, stringing and short shots. It is built on a standardized platform compatible with a versatile array of flow channels suitable for small to large parts.

Packaging Sector

The packaging sector includes both general and medical grade applications. This sector is defined by ultra-high-speed production, multi-cavity efficiency and strict material sustainability requirements. Our HRS are custom-developed to support massive cavitation molds while maintaining flawless thermal balance and uniform melt distribution across every single gate. For example, our medical-grade HRS utilize specialized coatings and leak-proof design to prevent risk of polymer degradation. Global packaging manufacturers rely on our systems for the continuous, high-volume production of beverage preforms, lightweight caps and closures, thin-wall food containers, cosmetics packaging and reusable transport crates to significantly reduce material waste and cycle times.

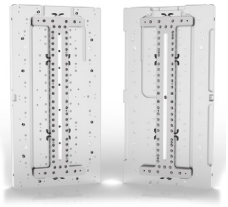
The table below sets forth our key HRS models serving the packaging sector:

Model	Positioning and Key Applications	Key Specifications
YUDO PACK	High-volume packaging solution providing high quality and optimal balance, serving caps and closures, containers and medical packaging	Nozzle tip sizes: Φ4mm–Φ9mm; shot weights: up to approximately 150g; open and valve gating
TINA PMC	Optimized for smaller nozzle pockets and compact pitch layouts, including PET preform and cosmetics applications	Nozzle sizes: Φ6.5mm–Φ16mm; shot weights: up to approximately 350g; open and valve gating
TINA MC 	Multi-cavity system for small, delicate parts, such as closures and electrical components	Nozzle sizes: Φ5mm–Φ12mm; shot weights: up to approximately 200g; open and valve gating
TINA MT	Multi-gate system with excellent part balance for high-precision components, such as technical gears, fan blades and medical components	Nozzle sizes: Φ5mm–Φ10mm; up to six gates per nozzle; shot weights: up to approximately 300g
TINA SG 	Side-gate system for uniform quality production of small hollow parts, such as medical syringes and pump housings	Gate diameters: 0.7mm–1.5mm; up to eight cavities per nozzle; shot weights: up to approximately 5g per cavity

Other Sectors

Other sectors mainly include industrial, building and construction sectors, serving technical molders who deploy our systems to produce high-precision pipettes and heavy-duty industrial technical parts requiring engineering-grade resins.

The table below sets forth our key HRS models serving other sectors:

Model	Positioning and Key Applications	Key Specifications
T-System 	PVC-dedicated system for pipe fittings serving the building and construction sector	Multi-cavity molds of up to 16 cavities; temperature uniformity within approximately ±5% of the set temperature

HRS Parts

In addition to HRS, we design, manufacture and sell a range of temperature controllers and smart devices, the sales of which are presented under HRS parts. Our temperature controller line-up spans high-performance PID controllers, integrated smart control systems — such as our TMC system, which combines temperature control, timing functions, valve gate sequencing and cloud connectivity in a single platform and our BOLD5 integrated temperature control system with touchscreen display and intelligent operating system — as well as sequential controllers supporting simultaneous and independent control of up to eight gate zones and our YU Drive II dedicated controller for motorized valve pin control.

Our smart devices connect our HRS and temperature controllers to our customers' production management systems. Our YU Data real-time monitoring system collects production data through IoT sensors and provides customers with real-time access to overall equipment effectiveness, production target achievement rates, cycle times and other production management information via web and mobile applications, supporting our after-sales services and recurring customer engagement.

OUR MANUFACTURING FACILITIES AND PROCESSES

We manufacture the key components of HRS, including nozzles, manifolds, heaters, cylinders and temperature controllers, in-house at 13 factories in nine countries as of the Latest Practicable Date. The vertical integration allows us to save the costs of procuring third-party solutions, shorten lead time, strengthen quality control and improve efficiency, ultimately translating into more competitive products and solutions and higher profit margins.

Manufacturing Facilities in Operation

We strategically selected locations for our mega hub (Suzhou facility) and hub (Korea and Dongguan facilities) manufacturing facilities to benefit from relatively low labor costs, a well-developed manufacturing ecosystem and mature supply chains, as well as to reduce lead time for shipping to customers in regions close to these satellite manufacturing facilities. The following table sets out certain information relating to our manufacturing facilities in operation as of June 30, 2026:

Facility (Location)	Approximate GFA	Manufacturing Capability	Leased/Owned
	(sq.m.)		
Suzhou, China[(1)]	50,402	Nozzles, manifolds and ancillary parts	Owned
Korea	35,789	Nozzles, manifolds and ancillary parts	15,373 sq.m. leased and 20,416 sq.m. owned
Dongguan, China[(1)]	28,570	Nozzles, manifolds and ancillary parts	Leased
Qingdao, China	18,888	Nozzles, manifolds and ancillary parts	Owned
Thailand	6,428	Nozzles and ancillary parts	Owned
Portugal	6,383	Nozzles, manifolds and ancillary parts	Owned
Brazil	3,227	Nozzles, manifolds and ancillary parts	Leased
U.S.	2,857	Manifolds and ancillary parts	Owned
India	2,000	Nozzles and ancillary parts	Leased
Vietnam	834	Ancillary parts	Leased
Türkiye	320	Nozzles and ancillary parts	Leased

Note:

(1) Our facilities in Suzhou and Dongguan comprise two factories.

The pictures below shows our automated production lines for manifolds and nozzles.

Manifold Production Line

Nozzle Production Line

Due to the diversity of our downstream industries and customer-specific nature of our products, where one HRS may have one manifold and multiple nozzles, we consider that the most meaningful way to measure our production capacity and utilization rate is by the number of nozzles and manifolds manufactured, rather than by set units. The following table set forth the details of the production capacities and utilization rates of our main components of the HRS during the Track Record Period.

	Year Ended December 31,									Six Months Ended June 30,		
	2023			2024			2025			2026		
Main Component Category	Designed Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Designed Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Designed Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Designed Production Capacity[1]	Production Volume[2]	Utilization Rate[3]
	(Unit)	*(Unit)*	*(%)*	*(Unit)*	*(Unit)*	*(%)*	*(Unit)*	*(Unit)*	*(%)*	*(Unit)*	*(Unit)*	*(%)*
Nozzles	557,983	532,722	95.5	633,584	619,107	97.7	693,857	663,612	95.6	339,373	330,167	97.3
Manifolds	78,612	79,823	101.5[4]	87,878	90,355	102.8[4]	102,351	98,677	96.4	50,423	48,458	96.1

Notes:

(1) Designed production capacity for the relevant period is determined based on our maximum production capacity, after deducting the time necessary for the maintenance, upgrade, transformation or adjustment of the production lines and for worker handover and the shift pattern, working hours per shift and number of working days per year that are customary in the locations in which we operate.

(2) Production volume refers to actual production volume for the relevant period.

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

(4) Our utilization rates exceeded 100% in relevant period, primarily because production in excess of our designed production capacity was achieved through overtime and additional shifts beyond the customary shift pattern.

Planned Manufacturing Facilities

We plan to expand our production capacity at our Suzhou and Dongguan facilities and establish a new facility dedicated to our new application business. The expansion of our Suzhou facility will be carried out on land we own adjacent to our existing factory, and the expansion of our Dongguan facility on land near our existing factory which we plan to acquire. We intend to fund these expansions with the net **[REDACTED]** from the **[REDACTED]**. See "Future Plans and **[REDACTED]**." The following table sets forth certain information regarding our planned expansions as of the Latest Practicable Date:

Facility (Location)	Total land area	Estimated commencement of production	Status	Total planned investment amount
	(sq.m.)			*(US$ million)*
Suzhou, China (expansion)	18,648	2028	Land acquired and construction to commence in 2027	71
Suzhou, China (new applications)	N/A	2029	Under planning	17
Dongguan, China (site II)	N/A	2029	Under planning	74

Machinery and Equipment

Our operations are supported by a diverse range of equipment and machinery tailored to accommodate our various products and solutions. We own the principal equipment and machinery involved in our manufacturing processes. We generally acquire equipment and machinery from renowned domestic and international third-party suppliers. We periodically upgrade and replace equipment to improve production efficiency, manufacturing capabilities and product quality. We perform routine preventive maintenance and repairs on our machinery and equipment to ensure reliable operation and minimize unplanned downtime. Replacement and upgrade decisions are generally based on the condition, utilization, technological advancement and production requirements of the relevant equipment. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material disruptions to our operations as a result of equipment failures. The key equipment used in manufacturing primarily includes (i) CNC machining centers and turning/milling equipment (including vertical, gantry and multi-functional CNC machining centers); (ii) gun-drilling machines; (iii) precision grinding, wire-cutting and laser processing equipment; (iv) diffusion bonding machines and coating machines; and (v) precision inspection and measurement equipment (including coordinate measuring machines and testing systems).

Manufacturing Process and Planning

Most HRS sets are made to order and cater to the different needs of end product manufacturers. We operate an engineering-to-order business model, under which the production process is organized and implemented based on specific customer order requirements. The following diagram illustrates the principal steps of the production process generally applicable to our HRS products and solutions.

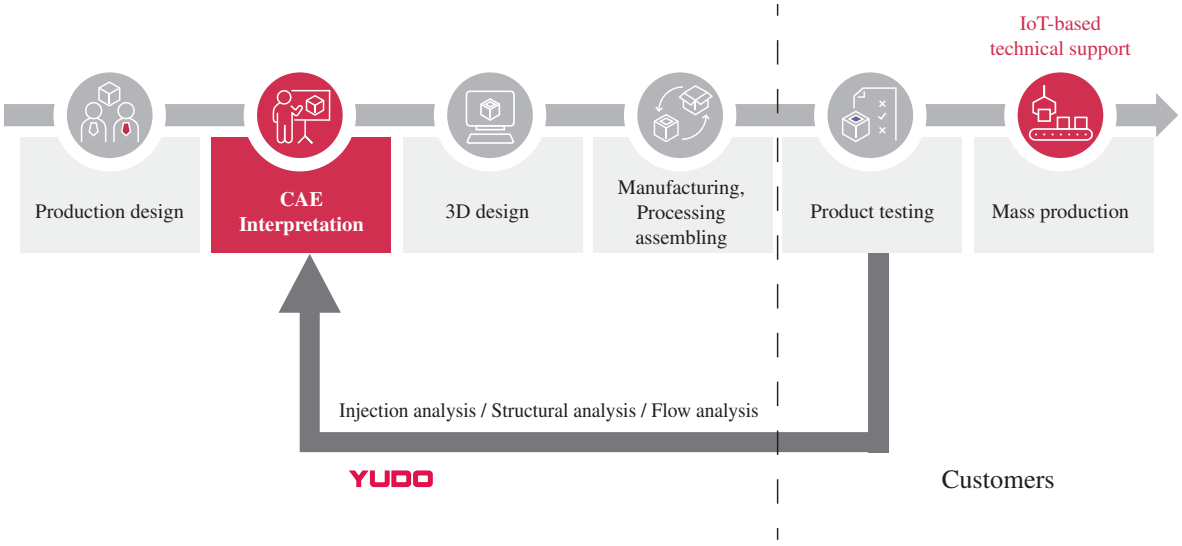
Generally, our manufacturing process can be categorized into the following steps:

- *Product design, CAE interpretation and 3D design*. Upon receipt of the customer's end product design and specific requirements, we review the product drawings, mold layout, resin, injection molding parameters, gate locations, cavity numbers and temperature requirements, conduct computer-aided engineering, or CAE, simulation and analysis to determine the HRS structure, including the manifold flow channel design and the number and location of the nozzles, and prepare the system layout for the customer's confirmation. Upon confirmation, we prepare the 3D drawings and work instructions.

- *Manufacturing, processing and assembling*. Raw materials and components are processed at our factories into manifolds, nozzles, tips, cylinders and other key components, primarily by CNC machining, milling, gun-drilling, grinding, wire-cutting and laser processing, diffusion bonding of manifolds and cooling related components and coating, in accordance with our designs and technical specifications. The manifold, nozzles, valve pins and cylinders, heaters, thermocouples and wiring are then assembled and integrated into the hot half, which is delivered pre-assembled and pre-wired.

- *Product testing*. Before delivery, we conduct dimensional inspection using coordinate measuring machines and testing systems, internal pressure testing of diffusion-bonded components at 2,000 to 3,000 bar to detect leaks and cracks, and heating, thermocouple and electrical continuity tests of the assembled system. Trial injection is then conducted with our support at the customer's production site along with sets of further analysis to confirm that the HRS operates properly in the customer's mold and injection molding machine. We will make further adjustments (if needed) before the customer commences mass production.

- *Mass production*: HRS are adopted in mass production after final adjustments. Through our IoT-based technical support, customers can obtain real-time information and data relating to the injection process during mass production.



Subcontracting

During the Track Record Period, we also engaged subcontractors from time to time for certain processing steps, including gun-drilling, lathe machining, pin coating, tool manufacturing, assembly services, machining and surface treatment. We select subcontractors based on factors such as their technical qualifications, experience in similar work, financial strength, management capacity and market reputation. Our subcontracting charges amounted to US$18.7 million, US$20.9 million, US$19.1 million and US$6.7 million in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively.

On March 31, 2026, we acquired Magnet and Kiwon Superprecision for a consideration of US$790,000 and US$792,200, respectively, which provided us with certain subcontracting services and products as our subcontractors, including gun-drilling, lathe machining, pin coating, nozzle and tool manufacturing and assembly services. Both companies have been consolidated into our Group since March 31, 2026.

We acquired these companies to bring certain processing and manufacturing capabilities in-house, enhance our control over production quality and delivery schedules, and support the continued manufacturing of our HRS. Following the acquisition, Kiwon Superprecision carries out the assembly of our HRS, while Magnet manufactures nozzles and machine tooling and carries out the gun-drilling of manifolds, substantially all for our Group. See "Connected Transactions."

OUR CORE TECHNOLOGIES

Through years of R&D investment, we have developed a series of core technologies that address the critical challenges of the injection molding process — cooling efficiency, precise temperature control, space constraints and material response — comprising five complementary core technologies relating to HRS, namely diffusion bonding, 3D metal printing, direct tip heater system, slim-eco heater and PVC-Dedicated HRS (T-System), to help our customers optimize production processes, increase production efficiency, improve product quality and reduce production costs.

Diffusion Bonding

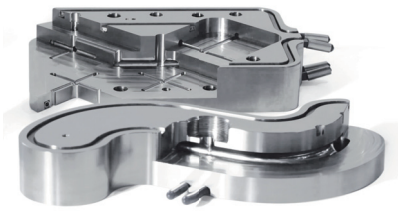
According to F&S, we are the first in the HRS industry to apply diffusion bonding technology to the manufacturing of manifolds, gate bushes and cooling-related mold components, commercially since 2016. Diffusion bonding is a high-level bonding technology under which metals are heated above their recrystallization temperature and pressure is applied to form bonding through intermolecular diffusion. Unlike conventional brazing, which uses flux or filler materials and may create weaker bonding areas, our diffusion bonding technology eliminates additional bonding materials and is designed to achieve bonding strength and physical properties comparable to those of the base materials.

When applied to HRS manifolds, our diffusion bonding technology enables the implementation of complex three-dimensional resin channels that are difficult to achieve using conventional gun-drilling methods. By configuring smoother and more efficient internal flow paths, the technology helps minimize resin flow resistance, sharp corners and dead spots within the manifold, improves temperature balance and enhances color-change performance by reducing resin adhesion, yellowing and carbonization inside the flow path. These features help improve product quality and production efficiency, particularly for products with complex shapes or applications requiring frequent material or color changes.

In addition to its application in heating solutions, diffusion bonding also enables us to design conformal cooling channels for mold cavities, cores and gate bushes based on the shape of the relevant parts. This allows cooling channels to be installed in locations where conventional cooling paths are difficult to implement, thereby reducing cycle time, improving cooling uniformity and minimizing product shrinkage, deformation and flow marks. In application cases across connectors, automotive lamp components and food-related tooling, our conformal cooling reduced molding cycle times by approximately 10% to 28% and reduced measured part warpage by up to approximately 54% compared with conventional gun-drilled cooling. In a door trim color-change application, our diffusion bonding technology reduced the number of purge shots required for a color change from over 20 shots to a single shot, saving approximately 75% of the resin consumed in the changeover.

Our diffusion bonding production capabilities support bonding dimensions of up to 700mm × 950mm × 950mm and multi-layer bonding of two to four manifold plates, enabling large manifolds and cores to be built as one body, with bonding faces controlled to a surface roughness of Ra 0.2μm. Each bonded hot runner component is inspected for leaks and cracks by internal pressure testing at 2,000 to 3,000 bar, depending on the application. As of the Latest Practicable Date, we operated 10 diffusion bonding production lines and handled approximately 2,300 bonding cases per year on a global basis.

The pictures below illustrate examples of our diffusion bonding technology applications.



Conformal Flow Channel

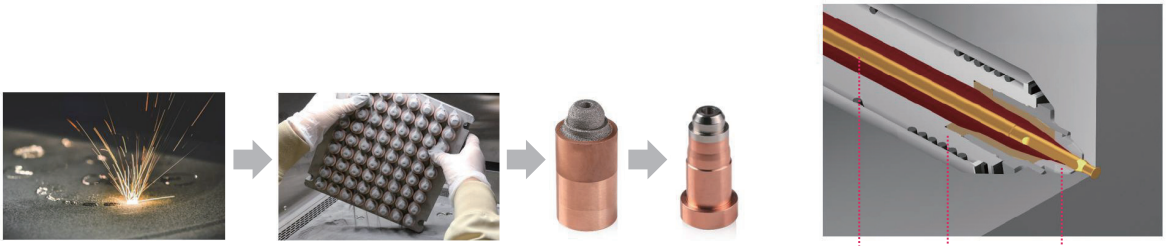
Conformal Cooling Channel

3D Metal Printing

According to F&S, we are the first in the HRS industry to apply 3D metal printing technology to the production of nozzle tips, which are critical components of HRS, commercially since 2021. Conventional nozzle tips may be subject to wear during operation, particularly where the tip comes into contact with the valve pin, which may lead to gate flash, damage to the tip or valve pin guidance and increased maintenance requirements. In addition, conventional tip production may require the use of different materials for different resin applications, which makes standardization more difficult and may increase material and inventory management costs.

Our 3D metal printing technology enables us to combine copper-based materials with printed steel materials to balance heat conductivity and wear resistance. Based on our internal testing, 3D-printed nozzle tips demonstrated a longer expected working life than standard nozzle tips, with the tested working life increasing from approximately 600,000 shots for standard tips to over 2.5 million shots for 3D-printed tips. This technology also supports the standardization of tip materials, improves resistance to wear and is expected to reduce tip maintenance costs by approximately 80%. Our 3D-printed honeycomb insulation structures also reduce heat loss from hot runner components, delivering measured energy savings of up to approximately 30% to 40%. In a packaging cap application combining our 3D-printed gate core with a deep-gating structure, the time required for molded parts to reach ejection temperature was reduced from approximately 32 seconds to approximately five seconds, representing an approximately 84% reduction, with overall cycle time reduced from approximately 41.7 seconds to approximately 15.6 seconds and in a container application our 3D-printed gate core reduced the defect rate from approximately 12.3% to approximately 3.2%.

The pictures below illustrate examples of our 3D metal printing technology applications.

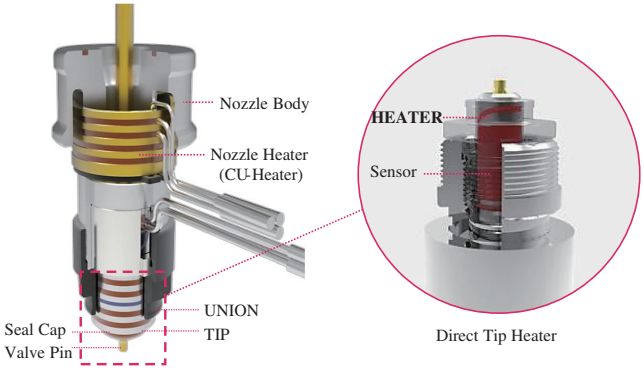


Direct Tip Heater System

A temperature drop at the nozzle tip is one of the principal causes of appearance and short-shot defects in injection molding, such as silver streaks, cold slugs, gate marks and weld lines. Our direct tip heater system addresses this challenge at its source by embedding a dedicated heater and sensor at the nozzle tip, so that the tip is heated and controlled individually and independently from the nozzle body. This enables a uniform temperature balance from the nozzle body all the way to the gate tip, with thermal balance maintained within approximately ±5% and reduces the unheated section at the front end of the nozzle from approximately 27mm to 9mm compared with conventional structures.

Because the tip is individually heated and insulated, tip heating does not interfere with mold cooling design, allowing cooling channels to be placed close to small and multi-cavity cores. The system supports both open and valve gating with a nozzle line-up ranging from 7mm to 22mm in diameter and enables stable processing of demanding materials, including glass fiber-reinforced engineering and super-engineering plastics (such as PEEK, PPS and PA66 compounds), rPET and biodegradable resins such as PLA, supporting our customers' transition to environmentally friendly and recycled materials. We also collaborate with resin manufacturers from the early stages of rPET resin development and have applied our systems to produce high-density transparent rPET packaging products.

The pictures below illustrate typical structure of our direct tip heater system.

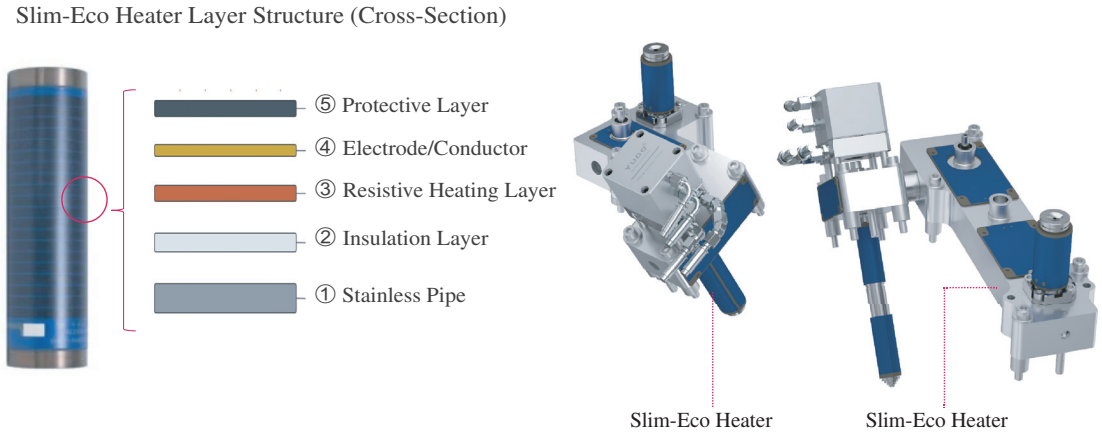


Slim-Eco Heater

We have developed the slim-eco heater, a thin-film heating element in place of conventional coil or cartridge heaters wound with heating wire. With a minimum heating element thickness of 0.25mm, the slim-eco heater substantially reduces the heater pocket machining required in the mold core, preserving core rigidity and freeing space for cooling channel layout and can be applied to narrow-pitch, multi-cavity molds where conventional heaters cannot fit.

The low thermal mass of the thin-film element enables heat-up and response within approximately 10 seconds, temperature uniformity within approximately ±1°C and a power density of up to 75W/in², while its zone-specific resistance patterns supply heat precisely where needed. In our comparative thermal and power analysis, the slim-eco heater reduced actual power consumption by approximately 50% compared with conventional coil heaters and its printed structure, which is free of the wire breakage and oxidation failure modes of coil heaters, supporting a service life over ten years.

The picture below illustrates typical applications of our slim-eco heater (in blue).



PVC-Dedicated HRS (T-System)

We developed the T-System, the world's first HRS dedicated to PVC according to F&S, to address the corrosion, carbonization and maintenance challenges of molding PVC and other flame-retardant and corrosive resins, for which conventional HRS are generally unsuitable and which have therefore largely relied on cold runner processes. The T-System combines a two-plate split manifold structure that can be readily disassembled and cleaned after molding, edgeless flow channels that eliminate stagnation and reduce flow resistance, screw-fastened nozzles that remain aligned notwithstanding thermal expansion of the manifold and hard chromium plating across all resin channels for corrosion resistance and low-friction flow. Each T-System is designed on the basis of full CAE simulation and is shipped only after verification and maintains temperature uniformity within approximately ±5% of the set temperature.

The T-System has been applied to multi-cavity molds of up to 16 cavities for PVC pipe fittings. In one customer application, replacing a cold runner system with our T-System shortened the molding cycle time by approximately 50% (from approximately 55 seconds to approximately 27 seconds) and reduced runner material weight by approximately 81% (from approximately 468 grams to approximately 88 grams per shot), enabling economical continuous molding with substantially no resin waste.

Applications of Our Core Technologies Beyond HRS

The core technologies described above are also applied in products and solutions beyond HRS for conventional plastic injection molding. Our multi-cavity runnerless molding technology has been applied in contact lens molding systems, which have been validated with contact lens manufacturers in Korea. We are also developing, in cooperation with customers, in-mold polyurethane coating solutions that integrate surface coating into the injection molding process, as well as hot runner and thermal control solutions for supercritical-fluid foam molding of footwear midsoles. Our HRS for magnesium and aluminum die casting are undergoing internal testing.

RESEARCH AND DEVELOPMENT

Our strong R&D capabilities are fundamental to our continued success and our ability to develop innovative offerings in response to rapid advancements in technologies. We focus our research and development on improving our manufacturing efficiency and the quality and performance of our products, bringing new products to the market and remaining at the technological forefront of the HRS and adjacent products.

Our R&D Department

We embrace a customer-centric approach in our research and development. We have a widely dispersed research and development team in China, Korea and Europe where we operate to stay close to our customers and industry partners, understand specific customers' needs and preferences in local markets, and tailor our product development accordingly. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our R&D expenses amounted to US$11.1 million, US$10.4 million, US$11.5 million, US$5.5 million and US$5.7 million, respectively. We have established research and development centers in Korea and China, covering the research and development of our HRS and executing tests and trials requested for customers' projects. During the Track Record Period, our investment in R&D primarily focused on the continuous enhancement of our HRS product platforms and core technologies, including our diffusion bonding and 3D metal printing technologies, as well as the development of new applications of our precision thermal control technologies, including heater blocks (including next-generation ceramic (AlN) heaters), multi-material co-injection systems, ultra-precision runnerless molding systems for contact lens production, in-mold polyurethane coating solutions, hot runner and thermal control solutions for supercritical-fluid foam molding of footwear midsoles and HRS for magnesium and aluminum die casting.

Our R&D Process

Our R&D process is aligned with our business development objectives, customer application requirements and technology trends in the injection molding and HRS industries. We generally identify and prioritize R&D projects based on (i) strategic technology initiatives and the continuous enhancement of our HRS product platforms, including thermal balance, resin flow efficiency, wear resistance, valve-gating performance and installation efficiency; (ii) new product development plans driven by market demand and feedback from our sales, application engineering and technical service teams; and (iii) customer-specific engineering projects under which we design or modify HRS solutions having regard to resin characteristics, mold structure, product geometry, production efficiency and quality requirements of specific applications.

Our R&D projects are primarily categorized as technology-oriented projects ("**TOP**") and order-oriented projects ("**OOP**"). TOP focus on the development and enhancement of our core HRS technologies and product platforms, including manifold design, nozzle and tip structures, valve-gating mechanisms, heating and sensing components, temperature control, diffusion bonding, 3D metal printing and related process technologies. These projects are generally forward-looking and seek to improve the performance, reliability, durability, manufacturability and application flexibility of our HRS products and solutions, thereby maintaining a technology reserve for future customer requirements and downstream applications.

OOP are undertaken in response to specific customer orders or project requirements under our engineering-to-order business model. These projects typically involve coordination with mold makers and end product manufacturers to review product drawings, mold layouts, resin specifications, injection molding parameters, gate locations, cavity numbers, temperature requirements and production targets. Based on these inputs, our R&D and application engineering teams conduct design review, thermal and flow analysis, structural design, component selection, prototype development, trial production support and validation testing, with a view to delivering HRS solutions that can be integrated into customers' molds and support stable mass production. OOP projects generally require cross-functional collaboration among our sales, R&D, production, procurement, quality control and after-sales service teams.

TOP and OOP are closely interrelated and may proceed in parallel. Technologies developed through TOP, once sufficiently mature, may be applied to customer-specific OOP projects to address practical molding requirements, including melt distribution, color-change efficiency, gate vestige control, material degradation, shrinkage, warpage, cycle-time reduction and maintenance requirements. In turn, feedback from OOP projects, mold trials, customer production sites and after-sales services provides practical data for refining our HRS platforms and identifying further technology development opportunities. This interaction enables us to apply our technical capabilities to commercially viable HRS products and solutions and continuously improve product performance, engineering responsiveness and speed of commercialization.

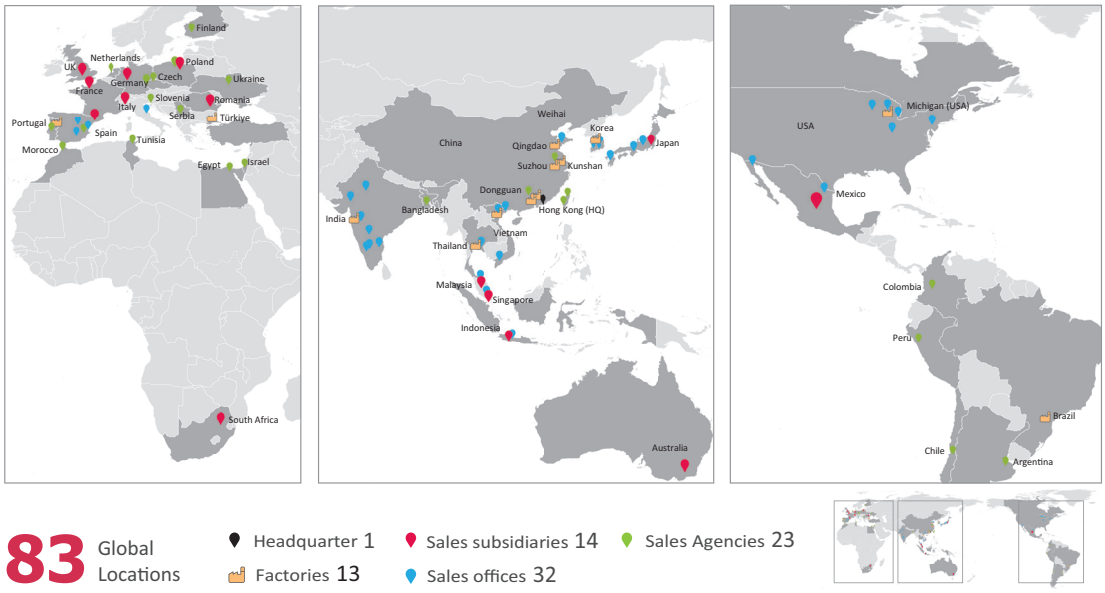
SALES, MARKETING AND CUSTOMERS

Sales Network

We strategically focus our sales efforts in regions with relatively low penetration rates of HRS and high growth potential and select locations for our sales offices in proximity to our customers so that we can understand customers' needs and respond to customers' requests swiftly. As of the Latest Practicable Date, we have established an extensive global sales and customer service network comprising our headquarters, 13 factories, 14 sales subsidiaries, 32 sales offices and 23 sales agents across 39 countries and regions around the world. As of the same date, we had a sales and customer service team comprising eight dedicated key account managers serving automotive and electronics and home appliances manufacturers, OEMs and Tier 1 suppliers around the world. Our key account manager teams are actively involved in customers' product design from an early stage to identify, understand first-hand and stay abreast of their demands as well as product quality expectations and work closely with our research and development team to enable us to provide tailored and customized products and solutions, resulting in higher switching costs and increased customer satisfaction and loyalty.

As of June 30, 2026, our sales team consisted of 426 dedicated sales personnel, is mainly responsible for developing and maintaining customers, formulating sales plans and exploring customer needs with the support of our design team. Our sales efforts include pre-sales complementary CAE analysis that can simulate the production process for the designed products to help customers optimize product design and prevent product and manufacturing defects. Based on the analysis provided by our design team, our sales team would recommend the optimal number and locations of gates for injection balance of the product and help select the most suitable nozzle for the desired products.

The following map illustrates the coverage of our global sales and customer service network as of the Latest Practicable Date.



During the Track Record Period, we sold substantially all our products and solutions through direct sales to customers. We also sold a small portion of our products and solutions through our sales agents to supplement our sales and customer service network coverage. Revenue from sales through our sales agents amounted to US$1.8 million, US$1.8 million, US$1.6 million, US$0.9 million and US$1.0 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 0.5%, 0.5%, 0.4%, 0.5% and 0.5% of our total revenue for the respective periods. We maintain a buyer-seller relationship with sales agents in the same way as our direct customers. We believe the risk of channel stuffing in relation to our sales agents is low because (i) we generally require prepayment from our sales agents before shipping our products to them; (ii) we generally do not allow returns or replacements of products sold to our sales agents, unless there are product quality issues caused by us; and (iii) we do not set minimum purchase requirements or sales targets for our sales agents, which are therefore not incentivized or obliged to purchase products exceeding their actual demand. To the best of our knowledge, all our sales agents were Independent Third Parties during the Track Record Period, and none of our sales agents or their respective associates had any past or present family, business or financial relationship with us or our subsidiaries, our Shareholders, Directors or senior management, or any of their respective associates.

Marketing and Branding

We operate with a multi-brand strategy. Our YUDO and Runipsys brands target the premium market, while Hans, Sino and Cherry brands generally offer affordable quality products of simpler structure for cost-sensitive customers. Our multi-brand strategy has effectively helped us capture opportunities across a wide range of segments in different end markets and geographic regions.

As part of our marketing efforts, we regularly hold Technical Days for different industry verticals. We invite our customers to discuss new technologies, sample cases and customer feedback. Our Technical Days help us directly engage with customers to better understand their needs and the latest industry trends and generally increase our brand awareness. Additionally, we actively attend global and local HRS exhibitions to further enhance our brand recognition.

After-Sales Services

We provide a comprehensive suite of after-sales services covering training, warranty support, online technical support, field service and repair to cultivate customer loyalty and enhance our brand image. We conduct comprehensive training programs for our customers' employees throughout the product lifecycle on topics such as the latest HRS technologies, HRS installation, HRS monitoring and various HRS troubleshooting techniques. Through our integrated IoT-based TMC system and cloud infrastructure for our products and 24/7 online technical support channel, we are able to monitor our products in real time, quickly diagnose technical issues for our customers, conduct preventive maintenance and identify and address issues in a timely manner to minimize production disruption. In addition, we also provide onsite technical consulting and replacement of spare parts within 24 hours for typical problems and replace an entire system within five days upon our customers' request. As our HRS are tailor-made to each customer's mold and application, product returns barely occur. Where a customer identifies an issue with a delivered HRS, we work with the customer to adjust or modify the HRS. During the Track Record Period and up to the Latest Practicable Date, we have not received any material complaints or product returns from our customers.

Our Customers

During the Track Record Period, the majority of our customers were mold makers and we also from time to time sold our HRS directly to manufacturers of end products or parts. We established strong relationships with a large base of prominent manufacturers of end products or parts and assist them in their product development, design changes and innovation from the early stages.

We served over 10,000 customers across a diverse range of industries, including automotive, electronics and home appliances, packaging and others, and from diverse geographic regions, including all major countries around the world as of the Latest Practicable Date. We have long-standing relationships with our key customers, having served many of them for over 20 years and have established strong alliances with them not just as an HRS manufacturer but also as a business partner for optimizing their production processes and improving product quality and design. For the six months ended June 30, 2026, 92.4% of our revenue was attributable to repeat customers.

We generally enter into sales agreements with our customers. Although the contract terms vary, they include the following key terms:

- **Price**. The prices of the products and solutions are generally specified in each purchase order in the case where the main sales agreement is a framework agreement.

- **Quality control.** The quality of the products and solutions shall comply with the specifications designated by our customers.

- **Payment and credit terms**. We typically receive payment from our customers by bank transfer, bank acceptance bills and commercial bills, and generally grant our customers a credit period of between 60 and 120 days from the date of the tax invoice.

- **Delivery and transportation.** We generally deliver our products and solutions to our customers. We appoint third-party logistics companies to accommodate the delivery and purchase relevant insurances. The logistics companies are responsible for any product damage during transportation.

- **Confidentiality**. We usually include confidentiality clauses in agreements with our customers and such obligations may continue to exist for a certain period of time after termination of the agreement.

- **Warranty**. We provide warranties for our products and solutions in accordance with our global warranty policy and the terms agreed with individual customers. Warranty periods vary depending on the type of product, component and application, with core system components such as nozzles and manifolds generally covered for between 12 and 36 months and certain consumable parts subject to shorter warranty periods. During the applicable warranty period, customers may request the repair or replacement of products or components that are found to have manufacturing or quality defects, subject to the relevant warranty terms and conditions. Following the expiration of the warranty period, we continue to provide after-sales support services, including equipment repair, maintenance, technical support, system upgrades and the supply of replacement parts and components, for service fees agreed with customers.

Major Customers

The revenue attributable to our five largest customers for each period during the Track Record Period was US$24.1 million, US$22.4 million, US$25.1 million and US$12.7 million, respectively, accounting for 6.6%, 6.0%, 6.6% and 7.0% of our total revenue, respectively. The revenue attributable to our largest customer for each period during the Track Record Period was US$11.3 million, US$10.6 million, US$10.6 million and US$3.8 million, respectively, accounting for 3.1%, 2.8%, 2.8% and 2.1% of our total revenue, respectively.

Among our five largest customers for each period during the Track Record Period, only the Abiman Group was a connected person. For our transactions with the Abiman Group, see "Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Operational Independence — Transactions with Abiman Group" and "Connected Transactions." Save as disclosed above, as of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who to the knowledge of our Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period.

Pricing

The selling prices of our products and solutions are jointly determined by our cost center, finance department and the sales and marketing departments considering factors of labor cost, cost of raw material and price of comparable products and solutions in the market and are approved by the management team of the sales and marketing departments. Due to the highly customized nature of our offerings, prices may vary significantly based on product specification (such as the number of gates and nozzles and the complexity of manifold design), material variations, local market competitive landscape, design adaptations and additional features required by individual customers. Before finalizing a quote, we engage in thorough communication with our customers to understand their technical and business needs and comprehensively assess the technological requirements of the products and solutions and the cost of potential substitutes. Given the diverse range of our product portfolio across multiple industries, each project is evaluated based on industry-specific factors, regulatory requirements and unique customer demands, making standardized pricing less applicable. We constantly optimize our products and solutions based on market dynamics and technological innovation and employ various cost-reduction measures to provide products and solutions with price advantages. However, final pricing is often determined through individual negotiations, taking into account order volume, long-term partnership potential, customization complexity and competitive positioning, resulting in case-by-case pricing tailored to each customer's value.

Third-Party Payment Arrangements

Background of Third-Party Payment Arrangements

During the Track Record Period, certain customers (the "**Relevant Customers**") settled payments with us through third parties (other than group company) who were not contractually obligated to do so pursuant to the agreements between the Relevant Customers and us (the "**Third-Party Payment Arrangements**"). In 2023, 2024 and 2025 and the six months ended June 30, 2026, seven, 13, nine and 12 Relevant Customers settled payments with us under the Third-Party Payment Arrangements, and the aggregate amount of the payments so settled was approximately US$338.5 thousand, US$507.7 thousand, US$491.5 thousand and US$205.8 thousand, respectively, representing less than 1.0% of our revenue for each period. The designated third-party payers were related parties of the Relevant Customers, being companies under common control with, or controlled by relatives of the shareholders of, the Relevant Customers, or the shareholders, legal representatives or employees of the Relevant Customers.

During the Track Record Period, we maintained "know-your-customer" procedures for onboarding our customers. To verify the authenticity of Third-Party Payment Arrangements, staff of our finance department were authorized only to recognize payments from designated third-party payers of the Relevant Customers on the condition that the information of the designated third-party payers matched that in the communications with the Relevant Customers provided in advance. The relevant financial institutions that processed the payments under Third-Party Payment Arrangements were major commercial banks and would have strict "know-your-customer" procedures and been required to conduct anti-money laundering checks on all their clients according to the relevant laws and regulations, significantly reducing associated risks. Based on the above, our Directors believe that the Third-Party Payment Arrangements during the Track Record Period, to the best of our knowledge, have been recorded completely and accurately in our accounting books and records in all material respects.

During the Track Record Period, we did not provide any discount, commission, rebate or other benefits to the Relevant Customers or their designated third-party payers to facilitate or incentivize the Third-Party Payment Arrangements. During the Track Record Period, all Third-Party Payment Arrangements were initiated by the Relevant Customers, not by us. To the best of our knowledge, during the Track Record Period, the relevant payments were based on *bona fide* underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. To the best of our knowledge, we were not the subject of any investigations, enquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period. In addition, we had not encountered any refund requests, actual or pending dispute or disagreement due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements during the Track Record Period.

Reasons for Third-Party Payment Arrangements

To the best of our knowledge, the Relevant Customers, which were small-sized mold makers, utilized the Third-Party Payment Arrangements because (i) their bank accounts had been frozen as a result of litigation against them, in which case a company or a person related to their shareholders settled the amounts due to us on their behalf; (ii) their corporate bank accounts did not have sufficient funds when payment fell due, in which case their legal representatives or employees settled the amounts due to us from their personal accounts; (iii) a company related to the shareholders of a Relevant Customer settled a small order on its behalf for administrative convenience; or (iv) in the case of the Relevant Customers in Korea, they experienced temporary payment difficulties or disruptions to their collection schedules and a related party of the customer settled the outstanding amounts on its behalf by way of subrogation or at the customer's request. According to F&S, it is not uncommon for market players in the HRS industry, in particular small-sized mold makers, to settle their payments with suppliers through their shareholders or affiliated companies.

Legal Consequences of Third-Party Payment Arrangements

As advised by our PRC Legal Advisor and our Korean Legal Advisor, in light of the above, (i) the Third-Party Payment Arrangements were not in breach or contravention of the mandatory requirements of the applicable laws and regulations of China and Korea, respectively; (ii) since the Third-Party Payment Arrangements were recognized in writing by the relevant designated third-party payers, the risks are remote for our Group to be found obligated to return funds to the designated third-party payers under the Third-Party Payment Arrangements in China and Korea; and (iii) the risk of the Third-Party Payment Arrangements being deemed as constituting the crime of money laundering for the purpose of covering up or concealing the source and nature of proceeds or gains under Article 191 of the Criminal Law of the PRC or the crime of money laundering under the Act on Regulation and Punishment of Criminal Proceeds Concealment of Korea is remote.

During the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge and based on publicly available information, the Relevant Customers and their designated third-party payers who settled payments under the Third-Party Payment Arrangements were Independent Third Parties.

Rectification of Third-Party Payment Arrangements and the Implication

To safeguard our interest against risks associated with third-party payment arrangements, we have significantly enhanced and implemented various internal control measures (collectively, the "**Rectification Measures**"). Our efforts to rectify the Third-Party Payment Arrangements include, among other things: (i) we have refined our internal control policies on third-party payments and the reconciliation and collection of accounts receivable to prevent any potential third-party payment arrangements; (ii) our finance department conducts due diligence on the payer and reviews amounts received by verifying the completeness of relevant documents, accuracy of amounts, and appropriateness of payers, and maintains a register of all such payments; and (iii) our finance department regularly examines the compliance of the Rectification Measures.

Since May 2026, we have ceased to accept payments under any Third-Party Payment Arrangements. We regularly check the effectiveness of the Rectification Measures and promptly address any abnormalities. Based on the review of the implementation of the Rectification Measures, our Directors are of the view that such measures are effective and adequate in identifying the sources of funds from our customers, ensuring the accuracy and completeness of our accounting books and records and preventing risks associated with third-party payment arrangements, including money laundering risks, tax evasion risks or other risks relating to the violation of applicable laws and regulations.

OUR SUPPLIERS AND PROCUREMENT

Procurement and Raw Materials

During the Track Record Period, we procured raw materials, components and other supplies required for the manufacture of our HRS products and related components. Our principal raw materials include steel and copper, which are mainly used in the production of manifolds, nozzles, tips, cylinders and other key components. We also procure certain components and parts used in our HRS products, while we manufacture our key components, including nozzles, manifolds, heaters, temperature controllers and, since 2026, cylinders, in-house.

Our procurement activities are primarily carried out by the purchasing teams of our factories and subsidiaries based on their respective production and operational needs. We have implemented internal procurement procedures to promote cost efficiency, quality control and supply stability. In particular, we generally require comparison among at least two vendors for procurement and such requirement is monitored at group level. Our mega hub and hub facilities, including Suzhou, Korea and Dongguan, also hold regular meetings to share and compare procurement prices. Through these arrangements, we are able to enhance price transparency, identify more competitive sourcing opportunities and improve our bargaining power with suppliers.

In selecting suppliers, we take into account a number of factors, including product quality, pricing, delivery capability, reliability and the supplier's ability to support our production schedule. We generally negotiate with suppliers on an annual basis and, depending on our order status and production requirements, coordinate with suppliers to maintain appropriate inventory levels and support timely manufacturing and delivery, particularly during periods of high production demand. During the Track Record Period, we did not experience any material supplier dispute or supply-chain disruption that had a material adverse impact on our operations.

We generally procure raw materials and components from suppliers through non-exclusive supply contracts with no minimum purchase commitment. The prices of such raw materials and components are generally either fixed for the effective term of the supply contract or determined taking into account the then-prevailing market price, which allows us to better manage our procurement cost and provide customers with more accurate pricing on our products and solutions. We may elect to terminate a supply contract with a supplier in case of poor product quality, failure to deliver on time or other breaches of contract provisions. The typical key terms of the supply agreements we enter into with our suppliers generally include the following:

- **Purchase order.** We notify the suppliers of the type, specification, unit price, quantity and date and location of delivery of the raw materials we need in writing.

- **Inspection and return.** Procured raw materials and components are subject to internal inspection and quality control procedures upon receipt. Materials or components that fail to meet agreed specifications or quality standards may be rejected, returned or replaced.

- **Payment and credit terms**. Payment methods vary by jurisdiction. In China, payments to suppliers are generally settled by a combination of cash and bills, while suppliers in Korea and other jurisdictions are mainly paid in cash. Payment terms for major suppliers generally range from 90 to 180 days from the date of the tax invoice, except that Kiwon Superprecision and Magnet were paid within 20 days from the date of the tax invoice.

- **Confidentiality**. We usually include confidentiality clauses in the agreements and the period of confidentiality obligations may be extended to after the expiration of the agreements.

- **Termination.** As our arrangements are generally order-based or ordinary-course procurement arrangements, we may cease placing orders with suppliers if they fail to meet our requirements on quality, pricing, delivery or reliability.

Major Suppliers

During the Track Record Period, our major suppliers primarily included suppliers of raw materials, components and consumables, subcontracting service providers, and suppliers of manufacturing equipment, construction services and other capital items, including land and buildings. The purchases attributable to our five largest suppliers for each period during the Track Record Period were US$44.5 million, US$42.8 million, US$46.9 million and US$22.7 million, respectively, accounting for 27.4%, 25.8%, 28.6% and 30.1% of our total purchases, respectively. The purchases attributable to our largest supplier for each period during the Track Record Period were US$11.8 million, US$15.5 million, US$21.0 million and US$14.3 million, respectively, accounting for 7.3%, 9.3%, 12.8% and 19.0% of our total purchases, respectively.

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

For the six months ended June 30, 2026

Supplier	Purchase amount	Percentage of total purchases	Business relationship since	Products/services purchased	Supplier background	Credit term and settlement method
	(US$'000)	*(%)*				
Tommy Go Co., Ltd. (昆山透迷購貿易有限公司)[1]	14,346.7	19.0	2020	Manufacturing equipment and tools	A trading company headquartered in Kunshan, China, engaged in the import, export and sale of hardware products, electronic components and metal products; Headquarter: China; Registered capital: RMB3 million	180 days after month-end billing; Bank transfer and bills
Supplier A	3,059.2	4.1	2021	Steel	A company headquartered in Suzhou, China, engaged in the manufacture of general equipment and the sale of molds and metal materials; Headquarter: China; Registered capital: RMB5 million	180 days after month-end billing; Bank transfer and bills
Kiwon Superprecision and Magnet[2]	2,364.3	3.1	2013	Subcontracting manufacturing and assembly services	Two Korean companies engaged, respectively, in the manufacture of electronic devices, and in gun-drilling, lathe machining, pin coating and tool manufacturing; Headquarter: Korea; Registered capital: KRW990 million and KRW1,700 million	20 days after billing; Bank transfer
Abiman Group[3]	1,603.1	2.1	1998	Components and manufacturing equipment and tools	A group headquartered in Singapore principally engaged in investment holding, manufacture of high-cavity injection molds and production of auxiliary equipment, controlled by our Controlling Shareholders; Headquarter: Singapore; Registered capital: SGD14,550,000	30 days after billing; Bank transfer
Supplier B	1,315.0	1.7	2022	Tungsten copper and chromium copper	A supplier of mold materials and copper alloys headquartered in Dongguan, China; Headquarter: China; Registered capital: RMB1 million	Monthly settlement; Bank transfer and bills

For the year ended December 31, 2025

Supplier	Purchase amount	Percentage of total purchases	Business relationship since	Products/services purchased	Supplier background	Credit term and settlement method
	(US$'000)	*(%)*				
Tommy Go Co., Ltd. (昆山透迷購貿易有限公司)[1]	21,018.9	12.8	2020	Manufacturing equipment and tools	A trading company headquartered in Kunshan, China, engaged in the import, export and sale of hardware products, electronic components and metal products; Headquarter: China; Registered capital: RMB3 million	180 days after month-end billing; Bank transfer and bills
Kiwon Superprecision and Magnet[2]	10,432.2	6.4	2013	Subcontracting manufacturing and assembly services	Two Korean companies engaged, respectively, in the manufacture of electronic devices, and in gun-drilling, lathe machining, pin coating and tool manufacturing; Headquarter: Korea; Registered capital: KRW990 million and KRW1,700 million	20 days after billing; Bank transfer
Supplier C	6,508.7	4.0	2009	Cylinders	A manufacturer of precision stamping molds, precision cavity molds and mold standard parts headquartered in Suzhou, China; Headquarter: China; Registered capital: US$200,000	150 days after month-end billing; Bank transfer and bills
Supplier A	5,160.3	3.2	2021	Steel	A company headquartered in Suzhou, China, engaged in the manufacture of general equipment and the sale of molds and metal materials; Headquarter: China; Registered capital: RMB5 million	180 days after month-end billing; Bank transfer and bills
Supplier D	3,786.1	2.3	2005	CNC machines	A Japanese manufacturer of machine tools and production automation solutions; Headquarter: Japan; Registered capital: JPY2 billion	Deposit of 30% of the contract sum on signing of the purchase agreement, balance on completion; Bank transfer and bills

For the year ended December 31, 2024

Supplier	Purchase amount	Percentage of total purchases	Business relationship since	Products/services purchased	Supplier background	Credit term and settlement method
	(US$'000)	*(%)*				
Tommy Go Co., Ltd. (昆山透迷購貿易有限公司)[1]	15,485.9	9.3	2020	Manufacturing equipment and tools	A trading company headquartered in Kunshan, China, engaged in the import, export and sale of hardware products, electronic components and metal products; Headquarter: China; Registered capital: RMB3 million	180 days after month-end billing; Bank transfer and bills
Kiwon Superprecision and Magnet[2]	10,969.4	6.6	2013	Gun-drilling, lathe machining, pin coating, tool manufacturing and assembly services	Two Korean companies engaged, respectively, in the manufacture of electronic devices, and in gun-drilling, lathe machining, pin coating and tool manufacturing; Headquarter: Korea; Registered capital: KRW990 million and KRW1,700 million	20 days after billing; Bank transfer
Supplier C	8,859.2	5.3	2009	Cylinders	A manufacturer of precision stamping molds, precision cavity molds and mold standard parts headquartered in Suzhou, China; Headquarter: China; Registered capital: US$200,000	150 days after month-end billing; Bank transfer and bills
Supplier A	4,414.1	2.7	2021	Steel	A company headquartered in Suzhou, China, engaged in the manufacture of general equipment and the sale of molds and metal materials; Headquarter: China; Registered capital: RMB5 million	180 days after month-end billing; Bank transfer and bills
Supplier D	3,117.5	1.9	2005	CNC machines	A Japanese manufacturer of machine tools and production automation solutions; Headquarter: Japan; Registered capital: JPY2 billion	Deposit of 30% of the contract sum on signing of the purchase agreement, balance on completion; Bank transfer and bills

For the year ended December 31, 2023

Supplier	Purchase amount	Percentage of total purchases	Business relationship since	Products/services purchased	Supplier background	Credit term and settlement method
	(US$'000)	*(%)*				
Supplier E	11,794.0	7.3	2022	Office furniture, fixtures and equipment	A construction group headquartered in Nanjing, China, holding general contracting qualifications for building construction and undertaking building, steel structure, mechanical and electrical installation and decoration works; Headquarter: China; Registered capital: RMB309 million	Progress payments of 75% of certified completed works monthly; 5% on completion acceptance; 5% on archive filing; settlement to 95% of the final account; 5% retention released over five years; Bank transfer and bills
Tommy Go Co., Ltd. (昆山透迷購貿易有限公司)[(1)]	11,732.8	7.2	2020	Manufacturing equipment and tools	A trading company headquartered in Kunshan, China, engaged in the import, export and sale of hardware products, electronic components and metal products; Headquarter: China; Registered capital: RMB3 million	180 days after month-end billing; Bank transfer and bills
Kiwon Superprecision and Magnet[(2)]	10,167.3	6.3	2013	Subcontracting manufacturing and assembly services	Two Korean companies engaged, respectively, in the manufacture of electronic devices, and in gun-drilling, lathe machining, pin coating and tool manufacturing; Headquarter: Korea; Registered capital: KRW990 million and KRW1,700 million	20 days after billing; Bank transfer
Supplier C	7,512.9	4.6	2009	Cylinders	A manufacturer of precision stamping molds, precision cavity molds and mold standard parts headquartered in Suzhou, China; Headquarter: China; Registered capital: US$200,000	150 days after month-end billing; Bank transfer and bills
Supplier F	3,250.0	2.0	2023	Purchase of land and building in the U.S.	A title agency headquartered in the U.S. providing services for real estate transactions; Headquarter: U.S.	Deposit of US$100,000 on signing of the purchase agreement, balance on completion; Bank transfer

Notes:

(1) Tommy Go Co., Ltd. (昆山透迷購貿易有限公司) is an associate of Mr. Lee Sang Yeol Tommy, our executive Director and substantial shareholder, and is therefore a connected person of our Company. Our purchases from it were conducted on normal commercial terms and will continue after the **[REDACTED]** under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement. See "Connected Transactions."

(2) Kiwon Superprecision and Magnet are presented together as they were both controlled by Mr. Lee Sang Yeol Tommy, our executive Director, and were therefore connected persons of our Company until we acquired them on March 31, 2026, since when they have been our subsidiaries and have ceased to be our suppliers. The purchases shown for the six months ended June 30, 2026 relate to the period from January 1, 2026 to March 31, 2026 and were conducted on normal commercial terms. See "Connected Transactions."

(3) The Abiman Group is controlled by the Yu's Family, our Controlling Shareholders, and its members are connected persons of our Company. See "— Sales, Marketing and Customers — Major Customers" and "Connected Transactions."

Save as disclosed above, as of the Latest Practicable Date, to the best knowledge of our Directors, none of our Directors, their close associates or any of our Shareholders (who, to the best knowledge of our Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers were also our suppliers, and certain of our five largest suppliers were also our customers (the "**Overlapping Customers and Suppliers**").

In 2023, 2024 and 2025 and the six months ended June 30, 2026, one, two, one and two of our five largest customers for the respective period were also our suppliers, namely Customer A in 2023 and 2024 and the six months ended June 30, 2026, and the Abiman Group in 2024 and 2025 and Customer B in the six months ended June 30, 2026. Our revenue from these overlapping customers amounted to US$3.5 million, US$5.6 million, US$3.4 million and US$6.3 million, representing 1.0%, 1.5%, 0.9% and 3.4% of our total revenue, respectively, and our purchases from them amounted to US$0.1 million, US$1.6 million, US$2.7 million and US$37.7 thousand representing less than 3% of our total purchases in each period.

In 2023, 2024 and 2025 and the six months ended June 30, 2026, three, two, two and two of our five largest suppliers for the respective period were also our customers, namely Kiwon Superprecision and Magnet, Supplier C and Tommy Go Co., Ltd in 2023, Kiwon Superprecision and Magnet and Supplier C in 2024 and 2025, and Abiman Group and Tommy Go Co., Ltd in the six months ended June 30, 2026. Our purchases from these overlapping suppliers amounted to US$29.4 million, US$19.8 million, US$16.9 million and US$15.9 million, representing 18.1%, 11.9%, 10.3% and 21.2% of our total purchases, respectively, while our revenue from them amounted to US$23.6 thousand, US$143.5 thousand, US$88.9 thousand and US$1.1 million, representing less than 1.0% of our total revenue in each period.

The overlap arose in the ordinary course of our business. The Abiman Group, a connected person of our Company, purchases our HRS while we purchase components and manufacturing equipment from it. See "Connected Transactions." Supplier C, an Independent Third Party, has supplied cylinders for our HRS since 2009 and has accumulated the know-how and understanding of our requirements for such cylinders. We sell round steel bar to Supplier C, a relatively small enterprise, during certain periods to pass on the cost benefit of our scaled procurement, and Supplier C processes such round steel bar exclusively into the cylinders we purchase, with the steel and cylinder prices negotiated separately by reference to market prices. Kiwon Superprecision and Magnet, which were controlled by Mr. Lee Sang Yeol Tommy until we acquired them on March 31, 2026, provided gun-drilling, machining, pin coating and assembly services to us and Kiwon Superprecision from time to time purchased temperature controllers from us, and have been our subsidiaries since the acquisition. Customer A, one of our five largest customers in 2023, 2024 and the six months ended June 30, 2026, sold motor vehicles to us in 2023, 2024 and the six months ended June 30, 2026 for less than US$0.1 million in aggregate. Customer B, one of our five largest customers in 2023, 2025 and the six months ended June 30, 2026, sold insurance to us in the six months ended June 30, 2026 for less than US$1,000 in aggregate.

Our sales to and purchases from our Overlapping Customers and Suppliers were negotiated separately, took place at different stages of the industry value chain and were conducted in the ordinary course of business and on normal commercial terms negotiated on an arm's length basis. Save for our sales of round steel bar to Supplier C, which relate to the cylinders we purchase from it as described above, our sales to and purchases from our Overlapping Customers and Suppliers were not related to or inter-conditional upon each other. Our Directors confirm that all of these transactions were entered into after due consideration of the prevailing purchase and selling prices at the relevant times. According to F&S, it is common in the HRS industry for HRS manufacturers to have overlapping customers and suppliers, as mold makers, component processors and equipment suppliers operate at different stages of the injection molding value chain. We have maintained good business relationships with our Overlapping Customers and Suppliers and did not have any disputes with them during the Track Record Period. Save for the Abiman Group and Kiwon Superprecision and Magnet and Tommy Go Co., Ltd., all of our Overlapping Customers and Suppliers were Independent Third Parties. Following our acquisition of Kiwon Superprecision and Magnet, our purchases from Overlapping Customers and Suppliers as a percentage of our total purchases have decreased and are expected to remain at a lower level.

To the best knowledge of our Directors, during the Track Record Period, save as disclosed above, none of our five largest customers was also our supplier and none of our five largest suppliers was also our customer.

IT, DATA SECURITY AND PROTECTION

Information Technology

Our information technology systems are primarily designed to support our manufacturing, sales, procurement, finance, inventory, quality control and after-sales service functions. In the PRC and Hong Kong, our core systems include Yudo ERP and Yonyou, while Korea and certain overseas subsidiaries use local ERP or accounting systems according to local business needs. We have also been expanding our PRC ERP model to our subsidiaries through our management information system project, for real-time management monitoring.

Our ERP and MIS systems support key business processes, including sales drawing design, quotation, order processing, production drawing, bill of materials confirmation, procurement, receiving, production, quality inspection, assembly, outbound delivery, shipping, invoicing, payment collection, after-sales service and data analysis. Our financial and accounting systems support financial accounting, cost management, commission and payroll calculation, receivables, payment collection, payment execution and inventory cost calculation.

Data Security and Protection

We collect and process data primarily for our business operations, employee administration, customer management, production, delivery, after-sales service and compliance purposes. Our personal data collection is generally limited to employees' basic information for payroll and human resources administration and customers' basic information required for ordinary business dealings.

In respect of our products and solutions, where customers provide consent or request relevant support, we may monitor product operating data for the purpose of providing real-time consultation, timely servicing, maintenance and troubleshooting. We use such data to assist our enterprise customers in improving product operation and reducing downtime.

We have implemented robust protective measures for the data we collect. These measures include (i) establishing internal control systems including data security management system. These systems clearly stipulate our management of data confidentiality, data approval authority, data classification and grading, data backup and recovery, and encryption strategy change management, and we have effectively implemented and executed these systems; (ii) strictly minimizing the access and circulation rights of private information and requiring stringent system authorization for the use of such information; (iii) adopting technical measures such as encryption and anti-leakage to protect information; and (iv) establishing an information security management system to ensure information security. Additionally, we have put in place confidentiality clauses into our agreement to ringfence the relevant risks associated with our business partners.

Our cybersecurity framework is under continuous development, and we conduct training and implement infrastructure upgrades from time to time to enhance our cybersecurity capabilities.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of operating or transaction data and we were not involved in any material cybersecurity or data protection incident. We were also not involved in any cross-border data transactions. Over the same period, we are of the view that we have complied in all material respects with applicable data protection and privacy, cybersecurity and cross-border data transfer laws and regulations in regions and countries where we operate.

INTELLECTUAL PROPERTY

We consider the protection of our intellectual property, including patents, trademarks, copyrights, domain names, know-how and trade secrets, to be essential to our business operation and future prospects. Historically, we developed all our core technologies in-house independently. We rely on a combination of registration of intellectual property rights, relevant laws and regulations, confidentiality arrangements and internal management measures to protect our intellectual property rights and proprietary technologies.

To ensure that our intellectual property is identified, protected and managed throughout its lifecycle, we have implemented the following measures:

- ***Proactive Patent Strategy***. We identify and protect innovations in our core technology areas through patent applications and ongoing portfolio management. For major innovations, we expedite the filing and examination process to secure timely patent grants. We also seek protection for innovations that we consider commercially significant in overseas markets through PCT international patent applications.

- ***Strict Confidentiality and Personnel Controls***. We protect core technologies and trade secrets through confidentiality undertakings, contractual clauses and internal controls applicable to employees and other personnel with access to proprietary information.

- ***Access Control and Information Management.*** We maintain internal controls designed to restrict access to proprietary technical information and trade secrets on a need-to-know basis and to prevent unauthorized disclosure or use.

- ***Internal Policy Framework***. We maintain internal policies and procedures for intellectual property protection and management, including procedures relating to application, registration, renewal and maintenance of intellectual property rights.

As of June 30, 2026, we had 629 patents and patent applications in total, including 596 patents in force (including 143 invention patents) and 33 pending patent applications (including six PCT applications). By jurisdiction, our patent portfolio was primarily concentrated in the PRC, where we recorded 541 patents and patent applications, followed by Korea with 80, Japan with three, Germany with three, Brazil with two and six PCT applications, after deducting five patents registered in multiple jurisdictions. As of the same date, we had 65 registered trademarks, including 41 in the PRC, one in Hong Kong and 23 in other jurisdictions.

Our patent portfolio supports our research and development in precision processing, product performance and production efficiency, and covers key technologies including diffusion bonding, 3D metal printing, direct tip heater system, slim-eco heater and T-System. Together with our trademark registrations in the PRC and other key markets, these intellectual property rights support the development, manufacture and commercialization of our HRS products and related components. See "Appendix IV — Statutory and General Information — Intellectual Property Rights."

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material intellectual property disputes or infringement claims, and we were not aware of any material infringement of our intellectual property rights by third parties or of any material claim that we had infringed the intellectual property rights of any third party.

COMPETITION

See "Industry Overview — Competitive Landscape of Global HRS Industry."

EMPLOYEES

As of June 30, 2026, we had a total of 2,760 employees located across Greater China, Korea, the rest of Asia, Europe, South America, Japan, North America and the rest of the world. The following table sets forth a breakdown of our employees by function as of June 30, 2026.

Team	Number of Employees	% of Total
Executives	41	1.5
Sales	426	15.5
After-sales	288	10.4
Manufacturing	1,262	45.7
General and Administrative	272	9.9
R&D	219	7.9
Design	252	9.1
Total	**2,760**	**100.0**

The following table sets forth a breakdown of our employees by geographic location as of June 30, 2026.

Geographic Location	Number of Employees	% of Total
Greater China	1,629	59.0
Korea	476	17.3
Rest of Asia[(1)]	350	12.7
Europe	150	5.4
South America	79	2.9
Japan	36	1.3
North America	34	1.2
Rest of the World	6	0.2
Total	**2,760**	**100.0**

Note:

(1) Excluded Greater China, Korea and Japan.

Recruitment Policies

We recruit employees through a combination of external hiring and internal talent development. For general staff positions, we primarily utilize online recruitment channels and local hiring platforms in the jurisdictions where we operate. Recruitment activities are conducted by individual subsidiaries in accordance with local employment laws, business needs and workforce planning requirements.

We place strong emphasis on developing talent internally and promoting employees based on performance and leadership potential. Many of our senior management personnel have progressed through our Group and assumed leadership positions after gaining experience within our operations. This approach enables us to preserve institutional knowledge, support employee career development and maintain leadership continuity. Our workforce planning process is linked to the performance and business requirements of each subsidiary. We regularly review manpower requirements and operational performance metrics to determine whether additional recruitment or workforce adjustments are necessary.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in the recruitment or retention of experienced staff or skilled personnel.

Employee Training and Development

We are committed to providing employees with the training and development opportunities necessary to support their performance and career growth. All new employees participate in an onboarding program upon joining our Group, which introduces them to our employee handbook, internal policies, code of business conduct and ethics, workplace rules and operational procedures, and is typically conducted by experienced administrative or supervisory personnel within the relevant subsidiary.

We also provide ongoing training to enhance employees' professional, managerial and operational capabilities, including role-specific skills training, compliance and corporate governance training, leadership development and opportunities for cross-functional or international development through internal mobility within our Group. We believe in developing talent from within and may consider employees with strong performance and leadership potential for promotion to management positions, reflecting our commitment to long-term talent development and succession planning.

Remuneration and Benefits

Our remuneration policy is designed to attract, motivate and retain qualified employees while aligning employee rewards with individual and business performance. We seek to maintain competitive remuneration packages in the markets where we operate and generally benchmark our compensation practices against local market conditions.

Employee compensation typically consists of base salary and performance-related incentives. Sales personnel are eligible to receive commission payments linked to sales collections and business performance. General employees and management personnel may receive performance bonuses, with bonus amounts determined by business performance and subject to an established internal approval process.

In addition to remuneration, we also provide employee benefits in accordance with applicable laws and regulations in the jurisdictions where we operate. Such benefits generally include statutory pension contributions, social security contributions, insurance coverage, annual leave and other mandatory employee welfare benefits.

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments including, among other things, pensions, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing fund plans through a PRC government-mandated benefit-contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident fund contributions in respect of certain employees as required by relevant PRC laws and regulations, primarily because (i) the applicable PRC laws and regulations governing social insurance and housing provident funds are intricate and vary by region, which added complexity to our compliance efforts; and (ii) certain employees were not willing to bear the costs associated with social insurance and housing provident funds. In 2023, 2024 and 2025 and the six months ended June 30, 2026, the aggregate shortfall of our social insurance and housing provident fund contributions amounted to approximately US$5.0 million, US$5.0 million, US$5.3 million and US$1.8 million, respectively. Pursuant to the relevant PRC laws and regulations, including the Social Insurance Law, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05% and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, according to the Regulation on the Administration of Housing Provident Fund, where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit within a prescribed time limit and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement.

During the Track Record Period, since some of our employees, for example, those located in cities where we did not have subsidiaries, prefer their social insurance and housing provident funds to be paid at their respective resident places for convenience of utilizing such benefits locally and there may only be limited number of employees in one city, we engaged third-party agents to pay social insurance and housing provident funds for them. As of the Latest Practicable Date, we had ceased such abovementioned arrangements.

Our Directors believe the above would not have a material adverse effect on our business, financial condition and results of operations, considering that (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalty imposed by the competent authorities in the PRC relating to social insurance and housing provident funds, or any material complaint from our employees concerning their social insurance and housing provident fund contributions and we conducted interviews with the relevant authorities and confirmed that no administrative penalty was imposed on us in this regard; and (ii) as advised by our PRC Legal Advisor, based on the relevant regulatory policies and the facts stated above in the absence of further employee complaints, litigations or arbitrations and under the premise that there are no changes to current applicable PRC regulatory policies and regulations or to the enforcement and supervision requirements of the central and local governments or the relevant regulatory departments, the likelihood that the relevant authorities would take the initiative to require us to pay the shortfall for social insurance and housing provident fund contributions or that we would be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions for our employees is remote.

We have taken internal control measures to prevent the recurrence of such non-compliance. Our human resources department has been designated to review and monitor the reporting and payment of social insurance and housing provident fund contributions on a regular basis, and the designated personnel prepare written records of the relevant payments on a monthly basis for review by the heads of our human resources and finance departments. We will keep abreast of the latest developments in the PRC laws and regulations relating to social insurance and housing provident funds, strengthen compliance training for our employees to enhance their awareness of the relevant requirements and encourage their cooperation in making the contributions, and consult our PRC legal counsel on a regular basis for advice on relevant regulatory developments.

Going forward, we will continue to implement the above measures to ensure compliance with the social insurance and housing provident fund contribution requirements under applicable laws and regulations. If the relevant authorities require us to make full contributions to social insurance and/or housing provident funds, we will complete such contributions and implement the necessary rectification measures within the prescribed period.

We do not use labor dispatch arrangements. For our engagement of subcontractors for certain processing steps, see "— Our Manufacturing Facilities and Processes — Subcontracting."

We maintain positive and cooperative relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any labor disputes or strikes that had a material adverse impact on our business operation and financial performance.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

ESG Governance

We place strong emphasis on ESG governance and recognize that sustainable development is an important component of our long-term business growth and value creation. To support the Board in fulfilling its ESG oversight responsibilities, we have established an ESG governance structure comprising the Board, the Management Committee and the Sustainability Working Group.

As the highest governing body, the Board is responsible for overseeing ESG-related matters and has established an appropriate governance framework to integrate sustainability considerations into our business strategy, operations and decision-making processes. The Board oversees the formulation and implementation of our sustainability strategies, objectives and initiatives. The Board is responsible for identifying, assessing and monitoring material sustainability-related risks and opportunities that may affect our business, and for considering ESG and climate-related factors when making strategic and operational decisions. The Board also reviews the effectiveness of ESG measures and provides guidance on the continuous enhancement of our sustainability performance.

The Management Committee, consisting of senior management representatives from key business functions, supports the implementation of the Board-approved sustainability strategies and objectives. The Management Committee regularly reviews ESG performance, assesses material ESG and climate-related risks and opportunities, monitors progress against sustainability targets and initiatives and reports significant ESG matters, recommendations and performance updates to the Board for review and guidance.

The Sustainability Working Group is responsible for coordinating the day-to-day implementation of ESG initiatives across our operations. The Working Group facilitates ESG data collection and performance monitoring, supports the execution of sustainability programs and initiatives, identifies emerging ESG and climate-related issues and assists in the management and reporting of material sustainability risks and opportunities. Matters identified by the Sustainability Working Group are escalated to the Management Committee for further review and consideration where appropriate.

In reviewing its composition, the Board seeks to maintain an appropriate balance of skills, experience and perspectives to support our strategic objectives and business development. Factors considered include professional expertise, industry experience, international footprint, gender, age and cultural background. We are committed to promoting board diversity while ensuring that appointments are made on the basis of merit, qualifications and business needs. The Board regularly reviews its composition and succession planning arrangements to ensure continued effectiveness and alignment with our long-term strategy and governance objectives.

We intend to continue enhancing ESG awareness and competency across the organization and will disclose relevant objectives and performance in our annual ESG reports. We also maintain a Board Diversity Policy to support a diverse and balanced Board composition. See "Directors and Senior Management — Board Diversity Policy."

During the Track Record Period and up to the Latest Practicable Date, we complied with applicable environmental, social and governance laws and regulations in all material respects and were not subject to any material ESG-related claims, penalties or incidents.

Identification and Management of ESG Issues

We have established a process for identifying and managing ESG issues based on our business model, operational characteristics, applicable laws and regulations, industry developments and the concerns of key stakeholders. In 2025, we collected views on various ESG issues from key stakeholders, performed desktop research to identify material ESG issues and assessed the significance of identified issues to our business operations, long-term development and stakeholders, which formed the basis of our materiality matrix. The results of the assessment, together with relevant supporting information, were reviewed by management and subsequently reported to the Board for consideration. Upon reviewing the relevant information, the Board confirmed the identified material ESG issues.

ESG Risk and Opportunity Identification, Assessment and Management

We identify and manage ESG-related risks and opportunities (including climate-related risks and opportunities) through our risk management policies and procedures, which form part of our overall risk management and internal control framework. Under our risk governance structure, management and business functions are responsible for identifying and assessing risks arising from day-to-day operations, while the Board and Audit Committee provide oversight of our risk management framework and review significant and emerging risks. We conduct periodic risk assessments, maintain a Risk Register and Risk Assessment Reports and implement appropriate risk mitigation measures to support effective risk management and strategic decision-making.

As part of our risk assessment process, we evaluate environmental, climate-related and social-related risks that may affect our business and long-term development. Key environmental and climate-related risks include changing regulatory requirements, resource and waste management challenges, supply chain disruptions and extreme weather events that may affect production, logistics or operational continuity. We also assess climate-related transition risks associated with decarbonization, evolving stakeholder expectations and increasing disclosure requirements. At the same time, we recognize opportunities arising from technological innovation, operational efficiency improvements and the growing market demand for sustainable products and solutions. Our products and solutions support more efficient manufacturing processes by optimizing the flow of molten plastic, reducing material waste and improving production performance. We continue to invest in the development of innovative and environmentally conscious solutions, including eco-friendly applications and smart IoT-enabled systems that help customers enhance operational efficiency and support their sustainability objectives. Social risks primarily relate to product quality, employee health and safety, talent management, business ethics and regulatory compliance, which could adversely affect our operations, reputation and financial performance if not appropriately managed.

Environmental Protection

We integrate environmental considerations into our manufacturing and operational processes and comply with applicable environmental laws and regulations in the jurisdictions where we operate in all material respects. We have established environmental policies, procedures and management measures covering resource utilization, energy management, emissions control, waste management and pollution prevention, which support the systematic management of environmental impacts arising from our operations. We have established environmental management systems and procedures to manage environmental impacts arising from our operations. Our environmental management system has maintained ISO 14001 Environmental Management System certification, and we have further strengthened our environmental governance through ISO 50001 Energy Management System certification and third-party carbon verification initiatives. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material administrative penalties or prosecution in relation to violations of environmental laws and regulations. The tables below set out our key performance indicators during the Track Record Period covering our headquarters in Hong Kong and primary manufacturing sites in China, Korea, Portugal, Brazil and India, which were selected due to their substantial environmental impact and our operational control over their activities.

Climate Change Response

We recognize climate change as a significant challenge to our long-term sustainable development. We actively support the PRC's "carbon peak and carbon neutrality" goals and prepared disclosures in alignment with the requirements of the ESG Reporting Code set out in the Listing Rules. Our key climate-related measures include: (i) increasing the adoption of renewable energy through solar power projects and the procurement of renewable electricity across our operations; (ii) conducting climate-related risk assessments and implementing risk monitoring, response and contingency planning measures to enhance operational resilience against physical and transition risks; and (iii) promoting energy conservation and low-carbon awareness among employees through training, communication and other sustainability initiatives. The table below sets out our greenhouse gas ("**GHG**") emissions during the Track Record Period:

Indicator	Unit	2023	2024	2025	1H 2026
Total Scope 1 and Scope 2 GHG Emissions	**tCO_2e**	**26,063**	**20,433**	**21,711**	**10,219**
Scope 1 GHG Emissions[(1)]	tCO_2e	2,166	2,068	2,221	1,063
Scope 2 GHG Emissions[(1)]	tCO_2e	23,897[(2)]	18,365	19,490	9,156
Scope 1 & 2 GHG Emissions intensity	tCO_2e/units of production (in '000s)	83.79	59.36	56.90	53.10
Scope 3 GHG Emissions[(3)]	tCO_2e	N/A[(4)]	1,675,214	1,570,737	816,779

During the Track Record Period and up to the Latest Practicable Date, our greenhouse gas emissions remained broadly consistent with the scale and nature of our operations. Variations between periods primarily reflected changes in production utilization, business growth and the implementation of new energy efficiency projects across our manufacturing facilities for longer term energy reduction.

Resource Consumption

We seek to optimize the utilization of energy, water and other natural resources and support the efficient and sustainable operation of our manufacturing facilities. To enhance resource efficiency, our key measures include: (i) improving energy performance through equipment upgrades, energy management initiatives and the implementation of our ISO 50001-certified energy management system; (ii) monitoring energy and water consumption through regular data collection, analysis and reporting mechanisms to identify resource-saving opportunities and improve operational efficiency; and (iii) increasing the use of renewable energy through solar power generation projects and other low-carbon energy initiatives across our operations. We also promote water conservation through water recycling, rainwater harvesting and other resource management measures.

The table below sets out our energy consumption and water utilization during the Track Record Period:

Indicator	Unit	2023	2024	2025	1H 2026
Total Water Consumption	Cubic meter	196,534[5]	129,696	102,871	48,453
Total Water Consumption intensity	Cubic meter/units of production (in '000s)	631.86	376.77	269.62	251.76
Total Energy Consumption[6]	**MWh**	**43,216**	**46,744**	**51,455**	**24,428**
Direct Energy Consumption	MWh	9,166	8,776	9,467	4,549
Indirect Energy Consumption (Purchased Electricity)	MWh	33,873	37,829	39,420	18,557
Renewable Energy Generated/Purchased and Consumed (Solar)	MWh	177	139	2,568	1,322
Total Energy Consumption intensity	MWh/units of production (in '000s)	138.94	135.79	134.86	126.92

Notes:

(1) The emission factors used in the calculations of Scope 1 and 2 emissions are based on the guidance set out by the Greenhouse Gas Protocol ("**GHG Protocol**"), emissions factors by the International Energy Agency ("**IEA**") and the carbon factors by the China National Electricity Carbon Footprint Factors across the reporting periods.

(2) Scope 2 GHG Emissions in 2023 were higher compared to other reporting periods due to emission factor updates by institutions stated in note 1.

(3) The Scope 3 calculation methodology references the Scope 3 Calculation Guidance (version 1.0) published by the GHG Protocol, emission factors are from China Products Carbon Footprint Factors Database (2022) by China Academy of Engineering Physics ("**CAEP**"), Supply Chain Greenhouse Gas Emission Factors by North American Industry Classification System ("**NAICS**") and emission factors from the IEA across the reporting periods.

(4) During 2023, we undertook a robust supplier data collection and assessment exercise to establish its Scope 3 emissions inventory. Following the completion of this process, our Group successfully quantified and disclosed its Scope 3 GHG emissions in 2024.

(5) The significant water consumption in 2023 was due to ongoing construction of the Suzhou facility, which was completed during the year.

(6) Includes renewable energy consumed.

We have also established policies and procedures governing the procurement, storage, utilization and disposal of materials used in our operations, including packaging materials. These measures support the effective management of material consumption and promote the responsible use of resources across our manufacturing facilities. We seek to minimize the environmental impact of packaging materials through the use of recyclable and renewable materials where practicable, including wooden crate packaging used for the transportation of our products and solutions. We also implement measures to reduce unnecessary material consumption and improve packaging efficiency through ongoing operational improvements. The table below sets out the consumption of packaging materials during the Track Record Period:

Indicator	Unit	2023	2024	2025	1H 2026
Total Packaging Material Used	**metric ton**	**1,382**	**1,689**	**2,090**	**1,136**
Packaging Material — Cardboard	metric ton	123	177	185	92
Packaging Material — Wooden Crates	metric ton	1,259	1,512	1,905	1,044
Total Packaging Material Used intensity	metric ton/units of production (in '000s)	4.44	4.90	5.48	5.90

Pollutants and Waste Emissions

We are committed to managing pollutant and waste emissions in accordance with applicable environmental laws and regulations. During the Track Record Period and up to the Latest Practicable Date, neither we nor our subsidiaries were designated as key pollutant discharging units by the relevant environmental authorities.

To support effective environmental management, we have established procedures governing air emissions, wastewater discharge and the handling of hazardous and non-hazardous waste. We continue to strengthen our environmental management practices through the collection and monitoring of environmental performance data, regular reviews of operational controls and the implementation of waste reduction initiatives. We promote resource efficiency and cleaner production by encouraging waste minimization, recycling and responsible disposal practices across our operations. In addition, we conduct environmental training and awareness programs for employees to enhance their understanding of environmental responsibilities and support compliance with our environmental policies and procedures. Through these measures, we seek to continuously improve our environmental performance and support sustainable operations.

The table below sets out the waste generation during the Track Record Period:

Indicator	Unit	2023	2024	2025	1H 2026
Total Hazardous Waste Generated	metric ton	407	240	270	117
Total Hazardous Waste Generated intensity	metric ton/units of production (in '000s)	1.31	0.70	0.71	0.61
Total Non-Hazardous Waste Generated	metric ton	6,466	6,987	8,174	4,248
Total Non-Hazardous Waste Generated intensity	metric ton/units of production (in '000s)	20.79	20.30	21.42	22.07

Indicators and Targets

We recognize the importance of transitioning towards a lower-carbon economy and supporting broader sustainability objectives, including the PRC's carbon peak and carbon neutrality goals. As part of our environmental management approach, we monitor greenhouse gas emissions, energy consumption and other key environmental indicators to evaluate our performance and identify opportunities for improvement.

We seek to reduce the environmental footprint of our operations through the enhancement of energy efficiency, optimization of production processes and responsible use of resources. Environmental considerations are incorporated into operational planning and decision-making, and we periodically review our performance to assess the effectiveness of the measures implemented. Where appropriate, improvement initiatives are introduced to support the reduction of emissions and resource consumption.

In addition to GHG management, we continue to strengthen our efforts in pollution prevention, waste management and resource conservation. We promote the efficient use of raw materials, encourage waste reduction and recycling practices, and implement measures to manage air emissions, wastewater discharge and waste generation in accordance with applicable environmental requirements.

With reference to the ESG Reporting Code set out in Appendix C2 to the Listing Rules, we will continue to review and enhance our environmental objectives and management measures having regard to developments in our business operations, technological advancements, regulatory expectations and stakeholder concerns. We are currently exploring target-setting methodologies and intend to establish a target in the coming years and once developed, they will be reviewed periodically to ensure their continued relevance and effectiveness in supporting our long-term sustainability aspirations.

SOCIAL RESPONSIBILITY

Employment

We recognize that our employees are fundamental to our sustainable development and long-term growth. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material non-compliance with employment and labor-related laws and regulations that had a material impact on our business or operations. We strive to maintain a fair, respectful and inclusive workplace and strictly comply with applicable labor laws and regulations in the jurisdictions where we operate. We maintain a competitive remuneration and benefits framework designed to attract, retain and motivate talent. We have established policies and procedures governing recruitment, employee development, performance management and other aspects of employment.

As a global organization, we value workforce diversity and promote equal employment opportunities. We do not tolerate discrimination, harassment or unfair treatment based on ethnicity, nationality, religion, gender, age, disability or other protected characteristics. Employment decisions are based on employees' qualifications, performance and business needs.

The table below sets out our workforce composition during the Track Record Period by gender, age group and geographical region:

Indicator	Unit	2023	2024	2025	1H 2026
Total workforce	**Person**	**2,702**	**2,652**	**2,664**	**2,760**
By Gender					
Male	Person	2,285	2,263	2,283	2,369
Female	Person	417	389	381	391
By Age Group					
Aged under 30	Person	639	598	558	574
Aged 30-50	Person	1,878	1,880	1,917	1,989
Aged above 50	Person	185	174	189	197
By Region					
Greater China	Person	1,514	1,555	1,630	1,629
Korea	Person	379	367	360	476
Rest of Asia	Person	397	347	320	350
Europe	Person	250	220	191	150
North America	Person	32	30	34	34
Japan	Person	36	38	36	36
South America	Person	90	90	88	79
Rest of the world	Person	4	5	5	6

Occupational Health and Safety

We are committed to providing and maintaining a safe and healthy working environment for our employees and contractors. We strictly comply with applicable occupational health and safety laws and regulations in the jurisdictions where we operate and have established policies and procedures covering health monitoring, identification of workplace hazards and emergency preparedness. Our occupational health and safety management framework is supported by ISO 45001 certification maintained across our operations in Korea and Suzhou, China.

Our principal occupational health and safety measures include employee safety training, regular workplace inspections, hazard identification and risk assessments, emergency drills and periodic employee health checks. We also engage qualified occupational health inspection agencies to assess workplace conditions and occupational hazards. During the Track Record Period and up to the Latest Practicable Date, we did not experience any work-related fatalities and were not aware of any material non-compliance with applicable occupational health and safety laws and regulations that had a material impact on our business or operations.

Development and Training

We believe that the growth of our employees is fundamental to our long-term success. To support talent development and career advancement, we provide structured training and development programs that equip employees with the knowledge, skills and competencies required for their current roles while preparing them for future opportunities. We have established training and talent management procedures covering employee onboarding, vocational development, technical training, safety awareness, leadership development and personal growth.

Mandatory safety training is provided to reinforce employees' understanding of workplace safety requirements, emergency response measures and risk prevention practices. In addition, we provide upskilling and leadership training to support succession planning and prepare employees for expanded responsibilities and promotion opportunities.

To support fair and transparent career progression, we have established performance evaluation and promotion mechanisms that define assessment criteria, review procedures and promotion requirements. Employee performance is regularly assessed against established objectives and departmental key performance indicators, with promotion decisions subject to a structured review process to help ensure consistency, objectivity and merit-based advancement.

Labor Standards

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any non-compliance with labor standards laws and regulations that had a material impact on our business or operations. We have implemented employment verification and monitoring procedures to prevent child labor and forced labor and to support compliance with applicable labor requirements throughout our operations. Employment with us is voluntary, and we do not tolerate any form of coercion, intimidation or involuntary labor. We maintain procedures for identifying and addressing labor standard risks and take prompt remedial action where any non-compliance is identified.

Supplier Chain Management

To maintain the quality selection of our suppliers, our General Procurement and Supplier Control Process, Qualified Vendor List, Supplier Environmental Agreement and Supplier Integrity and Honesty Agreement support the standardization of supplier management. We engage suppliers to enhance environmental and sustainability performance, including green supply chain initiatives and reporting carbon emissions.

Supplier management procedures govern supplier selection, evaluation and ongoing performance monitoring as part of our responsible procurement practices. Potential suppliers are assessed based on various criteria, including product quality, technical capabilities, reliability and relevant ESG considerations, before being admitted to our approved supplier network.

We seek to integrate sustainability considerations into our procurement activities through the supplier management framework and related policies. Suppliers are expected to comply with our requirements regarding environmental protection, business integrity and ethical conduct, as set out in the Supplier Environmental Agreement and Supplier Integrity and Honesty Agreement. We also promote green supply chain practices by encouraging suppliers to improve their environmental performance and increase awareness of carbon management and sustainability-related matters.

To identify and manage ESG-related risks within our supply chain, we conduct periodic evaluations of suppliers through our Qualified Vendor List assessment process, which incorporates product quality and ESG-related performance criteria. Supplier performance is monitored on an ongoing basis, and we work with suppliers to address identified issues and support continuous improvement in ESG performance.

Product Responsibility

We maintain quality management and control procedures throughout the product lifecycle, covering product design, sourcing, manufacturing, testing and delivery. Our governance framework is underpinned by internationally recognized certifications, including ISO 9001, ISO 14001, ISO 50001, ISO 45001 and ISO/IEC 27001. Together with third-party carbon emissions verification and product life cycle assessments conducted in accordance with ISO 14067, these certifications demonstrate our commitment to strong governance, effective risk management, operational excellence and climate-related accountability. Quality assurance measures are also implemented at various stages of production to help ensure that products meet established specifications and customer requirements.

We have established procedures for receiving, investigating and responding to customer complaints and product quality issues. Customer feedback is reviewed by the relevant departments to identify root causes and implement corrective and preventive measures where appropriate. Complaints handling outcomes and quality performance are monitored as part of our continuous improvement efforts, helping to enhance customer satisfaction and product reliability. During the Track Record Period and up to the Latest Practicable Date, we did not record any product recalls arising from product safety or health concerns. We also did not receive any material complaints relating to product quality.

Internal policies and procedures governing the collection, use, storage and management of information obtained during our business operations are in place to ensure customer data is protected and privacy is maintained. Information related to our customers, transaction records, technical specifications and other proprietary information are treated as confidential and may only be accessed by authorized personnel on a need-to-know basis with additional measures implemented such as access controls and password protection. We also provide employees with training on information security, business ethics and confidentiality obligations to strengthen awareness of data protection responsibilities. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material incidents involving the leakage, loss or unauthorized disclosure of customer information that had a material impact on our business operations.

Anti-corruption

We conduct business with integrity, transparency and accountability by establishing a Code of Business Conduct and Ethics, an Anti-Corruption Compliance Policy and other related governance policies to prohibit bribery, fraud and other unethical practices. We adopt a zero-tolerance approach to corruption and require employees to comply with applicable anti-corruption laws and regulations to uphold the highest standards of professional conduct in our business dealings. Procurement, contracting and other business processes are subject to internal controls designed to promote fairness, transparency and responsible decision-making.

Our Whistleblowing Policy provides employees and external stakeholders with channels to report suspected misconduct, unethical behavior or potential violations of laws, regulations or internal policies. Reported matters are reviewed and investigated in accordance with established procedures to identify potential compliance risks and strengthen corporate governance. Through our whistleblowing framework, we seek to promote a culture of accountability, encourage the reporting of concerns in good faith and support the protection of our interests and stakeholders.

To further strengthen ethical business conduct, ongoing compliance awareness and training initiatives are conducted. Anti-corruption training is provided as part of our compliance program to enhance employees' understanding of applicable anti-corruption requirements, ethical standards and expected business conduct. In addition, we perform regular reviews and monitoring activities to reinforce compliance awareness and strengthen our anti-corruption and governance framework across our operations.

During the Track Record Period and up to the Latest Practicable Date, neither we nor our employees were involved in any concluded legal proceedings relating to bribery, corruption or other corrupt practices.

Community Investment

We recognize the importance of contributing to the communities where we operate and seek to create positive social value through responsible business practices and stakeholder engagement. We encourage employees to participate in community-oriented initiatives and support activities that promote social well-being, education and environmental awareness where appropriate.

As part of our community investment efforts, we have participated in various charitable and educational initiatives across different regions. Such initiatives include donations to children's welfare and educational assistance programs, financial contributions to local charities and relief funds, sponsorship of schools and community events and support for programs benefiting underprivileged groups.

We leverage our technical expertise to support educational and talent development initiatives by collaborating with educational institutions and industry partners to provide technical training programs and knowledge-sharing opportunities for students and aspiring industry professionals, helping to develop future talent and enhance technical capabilities within the manufacturing sector.

Through employee volunteer participation, charitable giving and community engagement activities, we aim to foster positive relationships with local stakeholders and contribute to the sustainable development of the communities where we operate.

PROPERTIES

We own and lease properties in the PRC and overseas for manufacturing, R&D and office purposes. As of the Latest Practicable Date, we had 13 production facilities in nine countries, namely China, Korea, Thailand, Vietnam, Portugal, Türkiye, the United States, Brazil and India. Our headquarters are located in Hong Kong.

Owned Properties

As of the Latest Practicable Date, we owned 39 properties in 12 countries and regions with an aggregate GFA of approximately 119,726 sq.m., including 15 properties in China with a total GFA of approximately 71,097 sq.m., six properties in Korea with a total GFA of approximately 20,596 sq.m. and 18 properties in other jurisdictions with a total GFA of approximately 28,033 sq.m. We use these properties as premises for staff accommodation, office, R&D and production purposes. As of the Latest Practicable Date, we had obtained the title certificates for all of our owned properties (where necessary).

As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Leased Properties

As of the Latest Practicable Date, we leased 45 properties from Independent Third Parties in China with an aggregate GFA of approximately 33,927 sq.m. We leased these properties primarily for production, office and staff accommodation purposes. According to applicable PRC administrative regulations, both the lessor and the lessee of a lease agreement are required to file the lease agreement with the relevant government authorities within 30 days of its execution. As of the Latest Practicable Date, we had not filed the lease agreements for 35 properties we leased in China with the local housing administration authorities as required under PRC laws and regulations. We were unable to file these lease agreements as our landlords have not obtained, or have yet to provide, the necessary documentation for lease registration. As advised by our PRC Legal Advisor, the absence of registration will not affect the validity of the lease agreements. However, if the lease registration procedures are not completed within the prescribed period, we may be subject to administrative fines ranging from RMB1,000 to RMB10,000 per lease. As of the Latest Practicable Date, we had not been subject to any administrative penalties in connection with the non-registration of the relevant lease agreements, and our Directors do not consider that such non-registration has had any material adverse effect on our operations.

As of the Latest Practicable Date, two of our leased properties, with an aggregate GFA of approximately 286 sq.m. accounting for less than 1% of the total GFA of our properties in use and used for our staff accommodation, are situated on allocated land and the lease of such properties had not been approved by the competent authorities as required under applicable PRC laws and regulations. As a result, the relevant lessors may not be entitled to lease such properties to us. As advised by our PRC Legal Advisor, if the competent authorities determine that the relevant leases are void, we would not be subject to any administrative penalties with respect to these properties, but our lease may be affected, and, as a result, we may be required to vacate the premises, in which case we would be entitled to request the return of prepaid rent. We believe that we can find suitable alternative premises promptly and relocate within a reasonable timeframe, without incurring material disruption or significant additional costs. Our Directors are of the view that the non-registration of our leases and the defects relating to the properties on allocated land will not, individually or in the aggregate, materially affect our business and results of operations, considering the availability of alternative premise at commercially reasonable terms and cost and that such leased properties account for a small portion of our overall leased properties in terms of GFA and their usage is unrelated to our production activities.

As of the Latest Practicable Date, the lessors of 13 of the 45 properties we leased in China, with an aggregate GFA of approximately 1,944.9 sq.m., had not provided us with the title certificates or other evidence of title of the relevant properties. All 13 properties are used as our local sales offices or as accommodation for our employees. As advised by our PRC Legal Advisor, if the lessor of a leased property does not have the requisite rights to lease the property, we would not be subject to any administrative penalties with respect to the property, but the lease may be affected and, as a result, we may be required to vacate the property and relocate. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any dispute with the relevant lessors or any third party, and had not been subject to any penalty, in relation to these properties.

The lessors of eight of the 13 properties have confirmed in writing that they will indemnify us for any loss we may suffer if we cannot use the leased properties due to any issue relating to the title or permitted use of the properties. Having considered (i) that we had not been involved in any dispute or been subject to any penalty in relation to these properties; and (ii) the availability of alternative premises and of production capacity at our other facilities on commercially reasonable terms and the estimated relocation cost, our Directors are of the view that the title defects of these leased properties have not had, and are not expected to have, a material adverse effect on our business, financial condition or results of operations. See "Risk Factors — Risks Relating to Our Business and Industry in Which We Operate — If our owned and leased properties fail to comply with applicable property-related laws and regulations, our business, financial condition and results of operations may be materially and adversely affected."

We also leased 63 properties overseas from Independent Third Parties, with an aggregate GFA of approximately 15,451 sq.m., which are primarily used for production, office, warehouse and staff accommodation purposes as of the Latest Practicable Date. We did not experience any material difficulties in negotiating a renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

In addition, as of the Latest Practicable Date, we leased 15 properties with an aggregate GFA of approximately 18,915 sq.m. from connected persons, comprising factory, office and staff quarter premises in Korea leased from Abiman Engineering Co., Ltd (approximately 14,700 sq.m., including the premises of Magnet and Kiwon Superprecision), our office in Hong Kong leased from Abiman HK (approximately 319 sq.m.), an office in Indonesia leased from PT Abiman Investment Indonesia (approximately 569 sq.m.), an office and factory in Brazil leased from Wanfu Investimentos e Imóveis Ltda (approximately 3,227 sq.m.), a company controlled by Mr. Lee Sang Yeol Tommy, our executive Director, and an office in South Africa leased from Hestico (Pty) Ltd (approximately 100 sq.m.), each of which (other than Abiman HK and Wanfu Investimentos e Imóveis Ltda) is a subsidiary of Abiman HK, one of our Controlling Shareholders. These leases were entered into on normal commercial terms or better. See "Relationship with Controlling Shareholders".

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. Our current insurances also cover, among others, property insurance for buildings, fixed assets and machinery, motor vehicle insurance, staff-related insurance including mandatory travel insurance and group accident or staff insurance, cargo transportation insurance and certain liability policies such as gas liability, elevator liability, environmental pollution liability and production safety liability insurance. We believe our insurance coverage is adequate for our present operations and, according to F&S, is in line with general market practice. During the Track Record Period and up to the Latest Practicable Date, we have not made, nor been the subject of, any material insurance claim.

LICENSES, PERMITS AND APPROVALS

We are subject to regular inspections, examinations and audits by local regulators and are required to obtain various permits, licenses, approvals and certifications from governmental authorities as required under the laws and regulations of jurisdictions where we operate.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits and approvals necessary to conduct our operations in all material respects from the relevant government authorities, such licenses, permits and approvals remained in full effect and we had not experienced any material difficulty in obtaining and/or renewing such licenses, approvals and permits. The following table sets forth details of the material licenses, permits and approvals we held as of the Latest Practicable Date.

License/Permit	Grant authority	Grant date	Expiry date
Pollutant Discharge Permit	Suzhou Municipal Ecology and Environment Bureau	2025.12.15	2030.12.15
Pollutant Discharge Permit	Dongguan Municipal Ecology and Environment Bureau	2023.09.04	2028.09.03
Urban Drainage and Sewage Discharge Permit	People's Government of Luzhi Town, Wuzhong District, Suzhou	2024.08.09	2029.08.08
Urban Drainage and Sewage Discharge Permit	Dongguan Municipal Ecology and Environment Bureau	2023.04.14	2028.04.13
Factory registration certificate — No.1, No.2, No.3 and No. 4	Korea Industrial Complex Corporation	2024.02.27	N/A
Wastewater discharge facility installation report certificate — No.1, No.2 and No.3	Hwaseong City	No.1 and No.2 — 2024.03.07 No. 3 — 2023.12.19	N/A

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

We may from time to time become a party to legal, arbitral or administrative proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our Business and Industry in Which We Operate — We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business." During the Track Record Period and up to the Latest Practicable Date, we complied with the applicable laws and regulations in relation to our business operations in all material respects, had not been subject to any material administrative penalties, had not been and were not a party to any material legal, arbitral or administrative proceedings and were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

BUSINESS ACTIVITIES THAT MAY BE SUBJECT TO INTERNATIONAL SANCTIONS

During the Track Record Period and up to the Latest Practicable Date, we did not sell any products or provide any services to, or otherwise conduct any business with, any person located in, or any government of, any Sanctioned Country, and, to the best of our knowledge, we have not identified prohibited transactions with a Sanctioned Target. During the Track Record Period, we made a single shipment of HRS parts by our subsidiary in Mexico to a customer in Venezuela in 2024 for approximately US$15.8 thousand, representing less than 0.1% of our revenue for that year. To the best of our knowledge, this customer was not a Sanctioned Target, the transaction did not involve the Government of Venezuela or any sanctioned sector of the Venezuelan economy and the products did not contain any U.S.-origin content.

As advised by the International Sanctions Legal Advisor (i) it did not identify any of our business activities during the Track Record Period and up to the Latest Practicable Date to be a Primary Sanctioned Activity or a violation of International Sanctions; (ii) they had not identified any Secondary Sanctionable Activity that appears likely result in the imposition of sanctions against us or any Relevant Person; (iii) none of the members of our Group is a Sanctioned Target or is located, incorporated, organized or resident in a Sanctioned Country; and (iv) we are not a Sanctioned Trader. See "Risk Factors — Risks Relating to Our Business and Industry in Which We Operate — We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and noncompliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation."

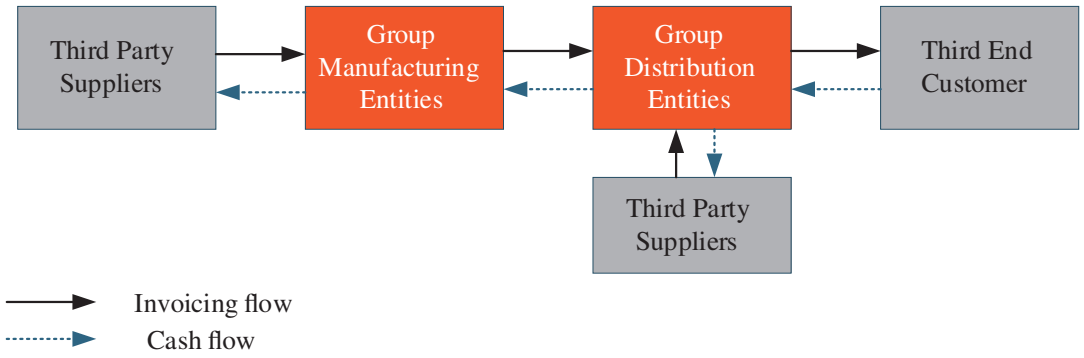
We include sanctions compliance provisions in our transaction documents, screen our customers, suppliers and other business partners against the restricted party lists maintained by the Relevant Jurisdictions and provide sanctions compliance training to our sales, procurement and management personnel.

INTRA-GROUP TRANSACTIONS

During the Track Record Period, our subsidiaries carried out our operations in various countries and regions, such as Asia, North America and Europe. Our subsidiaries performed different functions, mainly including manufacturing and selling HRS sets and ancillary parts and providing supporting services.

Our Company, as the investment holding company, primarily engaged in owning and managing investments in other group entities rather than traded goods or provided operational services directly during the Track Record Period. Our manufacturing entities were responsible for product design and development, manufacturing, quality assurance and owned both tangible assets and technical intangibles such as patents and know-how. Our distribution entities functioned as our Group's sales and market-facing arm and owned certain marketing intangibles such as customer list and local customer relationships.

The following charts demonstrate the above intra-group buy-sell transactions of tangible goods.



During the Track Record Period and up to the latest Practicable Date, we were not subject to any penalties, investigations, inquiries or transfer pricing audits carried out by local tax authorities in relation to these intra-group transactions. We believe the above-mentioned intra-group transactions were in line with the arm's length principle and we were in compliance with the relevant transfer pricing laws and regulations during the Track Record Period and up to the Latest Practicable Date.

We have engaged a transfer pricing adviser to review the above intra-group transactions. The independent transfer pricing adviser applied the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations issued by the Organisation for Economic Co-operation and Development ("**OECD Guidelines**") when conducting transfer pricing review. The OECD Guidelines are widely accepted and recognized on an international basis, which are commonly and practically followed and applied by corresponding tax authorities. The analyses and findings of the independent transfer pricing adviser were summarized as follows:

Based on OECD Guidelines, Transactional Net Margin Method ("**TNMM**") and Resale Price Method ("**RPM**") were selected as the most appropriate transfer pricing methods after considering function and risk profiles of the relevant manufacturing entities and distribution entities. During the Track Record Period, the weighted average profit level indicator results achieved by our Group's manufacturing entities and distribution entities did not fall below the interquartile arm's length ranges formed by the respective benchmarking analyses. In view of the above, our transfer pricing adviser concluded that our Group's above intercompany transactions were aligned with arm's length principle and there were no significant transfer pricing risks during the Track Record Period.

RISK MANAGEMENT AND INTERNAL CONTROL

We have put in place a set of risk management and internal control procedures covering key areas of our operations, including financial reporting, information systems, compliance monitoring, human resources, procurement, sales and customer management, production and quality control, inventory, investment management and anti-corruption compliance. These procedures are designed to address operational, financial, legal, compliance, information technology and market risks identified in relation to our business and are subject to ongoing review and monitoring.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the **[REDACTED]**, we have implemented, or will continue to implement, among other things, the following risk management measures:

- Maintain our Audit Committee, comprising our three independent non-executive Directors, to review and supervise our financial reporting process and internal control systems. For the qualifications and experience of the committee members, see "Directors and Senior Management";

- Adopt and periodically review various internal policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management, internal audit, contract management, third-party payments, economic sanctions, intellectual property and connected transactions;

- Conduct periodic risk assessments and review the effectiveness of our risk management and internal control systems on an annual basis, with our internal audit function reporting to our Audit Committee;

- Provide anti-fraud, anti-corruption and anti-bribery compliance training annually to our Directors, senior management and employees and require relevant personnel to comply with our code of business conduct and ethics, anti-corruption compliance policy, employee handbook and applicable internal policies;

- Provide training and guidance on quality assurance, production safety, employee conduct, confidentiality, procurement integrity and compliance procedures, including onboarding education on employee handbooks, codes of conduct and applicable regulations;

- Organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;

- Enhance our reporting and records system for production facilities, including quality control reporting from quality control personnel to managers and general managers, recording and follow-up of after-sales issues and management review of design, quality and manufacturing issues;

- Maintain escalation procedures for significant regulatory, compliance, operational, information technology and production-related matters, under which ordinary matters are handled by local subsidiaries and significant issues are reported to headquarter or senior management, as appropriate;

- Strengthen financial and fund management controls, including dual authorization for bank payments, reconciliation of cash and bank balances, review of supporting documents for payments and reimbursement, accounts receivable reconciliation and collection procedures, controls over the acceptance of payments from third parties, financial reporting review procedures and segregation of preparation and review responsibilities; and

- Periodically review access to our information systems and continue to enhance information technology controls, including role-based and least-privilege access, periodic privilege reviews, password requirements, network segmentation, data encryption, backups, recovery testing and incident escalation and review procedures.

We have engaged an internal control consultant to conduct an internal control review over financial reporting covering our major business processes, identifying deficiencies and areas for improvement, providing recommendations and reviewing the implementation status of these remedial actions. To ensure that the above compliance culture is embedded into our everyday workflow and sets expectations for individual behavior across our Group, we will regularly review our risk management policies and internal management procedures, adopt strict accountability internally and conduct compliance training. Our Directors are of the view that our enhanced internal control system is adequate and effective for our current operations.

During the Track Record Period, we did not enter into any hedging arrangements or derivative financial instruments in respect of commodity price or foreign exchange risk, and we did not engage in any speculative activities.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received a number of awards and recognition in respect of our products, technology and innovation, the most significant ones of which are set forth below:

Award/Recognition	Award Year	Awarding Institution/Authority
Great Place To Work® Certification (India)	2023, 2024, 2025 and 2026	Great Place To Work® India
Guangdong Provincial Engineering Technology Research Center for Intelligent Temperature-Control Hot Runner Systems (廣東省智能溫控熱流道系統工程技術研究中心)	2025	Guangdong Provincial Department of Science and Technology
Specialized, Refined, Distinctive and Innovative (專精特新) SME and Innovative SME (創新型中小企業) (2025–2028)	2025	Qingdao Private Economy Development Bureau and Qingdao SME Development Bureau
Technology Innovation Center for Hot Runner Systems of Injection Molds (注塑模具熱流道系統技術創新中心)	2025	Soochow University
Best Brand in the Plastics & Polymers Industry	2023, 2024 and 2025	ETNOW Polymers
Specialized, Refined, Distinctive and Innovative (專精特新) SME (2024–2027)	2024	Guangdong Provincial Department of Industry and Information Technology
Golden Eagle Award — Malaysia 100 Excellent Enterprises	2023 and 2024	Nanyang Siang Pau
Dongguan Municipal Engineering Technology Research Center for High-performance Hot Runner Systems (東莞市先銳高性能熱流道系統工程技術研究中心)	2023	Dongguan Municipal Science and Technology Bureau
Golden Bull Award — Outstanding SME	2023	Business Media International
National Specialized, Refined, Distinctive and Innovative "Little Giant" Enterprise (專精特新 "小巨人"企業) (2023–2026)	2023	Ministry of Industry and Information Technology of the PRC

OUR CONTROLLING SHAREHOLDERS

As at the date of this document, our Company was owned as to approximately 78.7% by Abiman HK, of which 99% was owned by Abiman Singapore, and 1% was owned by Mr. Lee Sang Yeol Tommy. Abiman Singapore was in turn held by Mr. Yu Young Hee, Mr. Yu Sung Jin, Mr. Yu Dong Jin and Ms. Choi Young Hee as to 51.0%, 20.0%, 20.0% and 9.0%, respectively. Mr. Yu Young Hee and Ms. Choi Young Hee are spouses and parents of Mr. Yu Sung Jin and Mr. Yu Dong Jin. Best Profit was owned as to 80% by Abiman HK. Accordingly, Abiman HK, Abiman Singapore, Best Profit, Mr. Yu Young Hee, Mr. Yu Sung Jin, Mr. Yu Dong Jin and Ms. Choi Young Hee are regarded as a group of Controlling Shareholders.

Abiman HK and Abiman Singapore are limited liability companies incorporated under the laws of Hong Kong and Singapore in October 2003 and February 2020, respectively, both of which are principally engaged in investment holding. Best Profit is a limited liability company incorporated in Hong Kong in September 2009, and serves as a potential employee incentive vehicle for the Company.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), our Controlling Shareholders will hold in aggregate approximately **[REDACTED]**% of the issued share capital of our Company. For further details of our Controlling Shareholders and their shareholding in our Company, please refer to the section headed "Substantial Shareholders" in this document.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after **[REDACTED]**.

Operational Independence

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 and their respective close associates. We are in possession of all relevant licenses, assets, copyrights, trademarks and other intellectual properties necessary to carry on and operate our business. In addition, we have sufficient operational capacity in terms of capital and employees to operate independently.

Transactions with Abiman Group

Our Directors are of the view that the business of our Group and Abiman Group are clearly delineated. Abiman Group is principally engaged in investment holding, manufacture of high-cavity injection molds, i.e. tooling systems used to shape plastic products during the injection molding process, and production of auxiliary equipment; whereas our Group primarily offers HRS and associated enabling technologies, being products which are integrated and complementary to those supplied by the Abiman Group. For the avoidance of doubt, our Group does not engage in the production of auxiliary equipment and injection molds.

Nonetheless, we have established a long-standing and reliable business relationship with Abiman Group since our incorporation, ultimately benefiting from Abiman Group's multiple business arms. For example, Abiman Group frequently participates in integrated customer projects involving stacked mold solutions, and our Group is able to capitalize on such projects by supplying HRS and related components to Abiman Group for processing and incorporation into stacked mold solutions.

Our Group has entered into certain agreements with Abiman and its associates in respect of sharing of administrative services and tenancy. The sharing of administrative services constitutes fully-exempt transaction pursuant to Chapter 14A of the Listing Rules. On the other hand, the tenancy agreements, which were entered into on normal commercial terms or better with rental fees at or below the prevailing market price, constitute one-off connected transactions based on HKFRS 16 "Leases" prior to the **[REDACTED]** and/or fully-exempt transaction under Chapter 14A of the Listing Rules. Notwithstanding this, each of the rental fees and cost of sharing of administrative services accounted for a relatively insignificant portion of our total expenses during the Track Record Period. Our Directors are also of the view that alternative premises of comparable terms are generally available in light of the prevailing market conditions.

Our Group also entered into comprehensive services procurement and goods purchase and sales agreements with Abiman and its associates, pursuant to which our Group would, amongst others, procure machinery, maintenance and technical services, and provide components and technical support services. For further details of the connected transactions, please refer to the section headed "Connected Transactions" in this document. Notwithstanding the above, our Directors are of the view that our transactions with Abiman Group were at a reasonable percentage with respect to our business scale – for the three years ended December 31, 2025, and the six months ended June 30, 2026, our sales to Abiman Group amounted to 0.60%, 0.65%, 0.89% and 0.58% of our total revenue, respectively, while our procurement from it amounted to 0.60%, 0.56%, 1.37% and 0.69% of our total purchase amount, respectively. Further, our Directors believe that we have access to pools of independent suppliers and a broad customer base.

Based on the above, our Directors are satisfied that we are able to operate our business independently from our Controlling Shareholders and/ or its close associates.

Management Independence

Upon the **[REDACTED]**, our Board will comprise four executive Directors and three independent non-executive Directors, and our senior management team will comprise two members. Our executive Directors and senior management team are collectively responsible for the daily management of our operations.

Our Directors are of the view that our Board and the management team are able to function independently from our Controlling Shareholders after the **[REDACTED]** for the following reasons:

(a) our executive Directors and senior management are collectively responsible for the day-to-day management and operation of our Group, with assistance from our core technical staff. Given their extensive experience and expertise in our industry, they are capable of making informed business decisions and managing the operations of our Group in its best interests. For details of the industry experience of our executive Directors and the senior management, see the section headed "Directors and Senior Management" in this document;

(b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. Notwithstanding that Mr. Yu Sung Jin, Mr. Lee Sang Yeol Tommy, Mr. Yu Dong Jin and Mr. Kwon Yohan also hold directorships in the Controlling Shareholders, the said companies have no actual operation activities as of the Latest Practicable Date;

(c) we have three independent non-executive Directors who (i) account for not less than one-third of the Board, (ii) do not and will not hold any directorships or management positions in our Controlling Shareholders, (iii) possess the requisite industry knowledge and experience and are qualified to provide independent, sound and professional advice to our Company, and (iv) will be responsible for deciding certain matters of our Company which must always be referred to the independent non-executive Directors for review;

(d) in the event of any actual or potential conflict of interest arising from a transaction between our Group and any Director or his/her associates, the interested Director is required to declare the nature of his/her interest and abstain from voting on the relevant Board resolutions, and shall not be counted towards the quorum of the relevant Board meeting; and

(e) to support our management independence, we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders upon **[REDACTED]**.

Financial Independence

We have set up a finance department to be responsible for the accounting, management accounting, taxation, sales financial management and treasury management in the ordinary and usual course of business of our Company. Our Group has its own risk management and internal control system as well as an independent accounting and financial management system, and we make financial decisions according to our own business needs.

As of December 31, 2023, 2024 and 2025, and as of June 30, 2026, we obtained borrowings in the aggregate amount of approximately US$7.10 million, US$6.82 million, US$6.75 million and US$117.2 million from our Controlling Shareholders and/ or their close associate, respectively, all of which were not, and are not, secured by the assets of the Group. Please refer to Note 34 to the Accountant's Report in Appendix I to this document for further details. Save for the 2026 Shareholder Loan (defined hereinbelow), we do not plan to settle the remaining borrowings before the **[REDACTED]** (collectively, the "**Remaining Shareholder Loans**").

We believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the **[REDACTED]**, and the premature termination of the Remaining Shareholder Loans would not be in the best interests of our Company and our Shareholders based on the following facts and reasons:

(a) Abiman Singapore previously advanced a shareholder loan of US$111.0 million (the "**2026 Shareholder Loan**") to the Company for the purpose of facilitating the Company to undergo the Share Buy-Back. Upon completion of the Second Buy-Back on September 21, 2026, US$64.0 million of the US$111.0 million shareholder loan was capitalized as paid-up share capital of the Company, and the remaining US$47.0 million was primarily settled by way of bank borrowing. For further details, please refer to the section headed "History, Development and Corporate Structure — Major Corporate Development and Shareholding — Changes of Our Company — Share Buy-Back and Exit of Match Jersey in 2026" in this document. As of September 21, 2026, we have settled the entire 2026 Shareholder Loan.

The Remaining Shareholder Loans comprise of the borrowings from Abiman HK in the amount of US$6.24 million as shown in the financial statement as at June 30, 2026;

(b) we are able to rely on our robust relationship with independent financial institution and obtain stand-alone financing of similar scale without the assistance of the Controlling Shareholders. As at the Indebtedness Date, we had unutilized banking facilities in an aggregate amount of US$99.2 million, which can be used to cover the Remaining Shareholder Loans. These credit facilities were offered at a market interest rate on a standalone basis without any credit support from the Controlling Shareholders;

(c) as of June 30 2026, our cash and cash equivalents amounted to US$69.9 million, demonstrating our strong cash position and ability to finance our operations independently; and

(d) the commercial terms of the Remaining Shareholder Loans are favourable to our Group as all of them are interest free. We would incur unnecessary additional costs, expenses and time in prematurely terminating the Remaining Shareholder Loans, and the terms of any new financing we may obtain may not be as favourable as that under the said loans.

Save as disclosed herein, as of the Latest Practicable Date, there were no other outstanding loans, advances or non-trade balances due to or from our Controlling Shareholders or their respective close associates, nor were there any other outstanding pledges or guarantees provided for our benefit by our Controlling Shareholders or their respective close associates. Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

NO COMPETITION AND CLEAR BUSINESS DELINEATION

As of the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates was interested in any business, other than our Group, which competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules. For details of the delineation of business between our Group and that of Abiman Group, please refer to the section headed "Independence from our Controlling Shareholders - Transactions with Abiman Group" above.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We have adopted the following corporate governance measures to maintain good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders and their respective close associates:

(a) our Company has established internal control mechanisms to identify connected transactions. Upon the **[REDACTED]**, if our Group enters into connected transactions with our controlling Shareholders or their respective close associates, our Company will comply with the applicable requirements under the Listing Rules;

(b) where a Shareholders' meeting is to be held to consider proposed transactions in which our Controlling Shareholders or their respective close associates have any material interests, our Controlling Shareholders and their respective close associates (as applicable) will not vote on the relevant resolutions;

(c) our independent non-executive Directors will review whether there is any conflict of interests between our Group and our Controlling Shareholders and their respective close associates and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) if any of our Controlling Shareholders or Directors has a conflict of interest in a matter to be considered by our Board which our Board has determined to be material, the matter will be dealt with by a physical meeting rather than a written resolution. Additionally, our independent non-executive Directors with no material interest in the matter will be present at the relevant Board meeting; and

(e) where the advice from an independent professional, such as a financial or legal advisor, is reasonably requested by our Directors (including independent non-executive Directors), the appointment of such independent professional will be made at our Company's expenses; and we have appointed Fosun International Capital Limited as our compliance advisor who will provide advice and guidance to us with respect to compliance with the applicable laws and the Listing Rules, including various requirements relating to Directors' duties and corporate governance matters.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage potential conflict of interests between our Group and our Controlling Shareholders and their respective close associates, and to protect our minority Shareholders' rights after the **[REDACTED]**.

OVERVIEW

Our Group has entered into a number of agreements with parties who will, upon completion of **[REDACTED]**, become our connected persons, and the transactions disclosed in this section will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon **[REDACTED]**.

OUR CONNECTED PERSONS

Our Group has entered into agreements with the following connected persons, and the transactions contemplated under such agreements will constitute our continuing connected transactions upon **[REDACTED]**:

Connected persons	Connected relationship
The Yu's Family, Abiman Singapore (for itself and on behalf of Abiman Group) ("**Abiman and its associates**")	The Yu's Family and Abiman Singapore are our Controlling Shareholders
Mr. Lee Sang Yeol Tommy and his associates ("**Mr. Lee and his associates**")	Mr. Lee Sang Yeol Tommy is our Director and substantial Shareholder

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Applicable Listing Rule	Waiver sought
Partially-exempt continuing connected transactions			
Procurement of comprehensive services and goods .	Abiman and its associates	Rule 14A.35, Rule 14A.76(2), Rule 14A.105	Announcement
Supply of comprehensive services and goods .	Abiman and its associates	Rule 14A.35, Rule 14A.76(2), Rule 14A.105	Announcement
Supply of goods	Mr. Lee and his associates	Rule 14A.35, Rule 14A.76(2), Rule 14A.105	Announcement
Non-exempt continuing connected transactions			
Procurement of comprehensive goods and services .	Mr. Lee and his associates	Rule 14A.35, Rule 14A.36, Rule 14A.105	Announcement and independent Shareholders' approval

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Procurement and Supply of Comprehensive Services and Goods from/to Abiman and its associates

Principal terms

On [•], our Company (for itself and on behalf of its subsidiaries) entered into a Comprehensive Services and Goods Procurement and Supply Framework Agreement (the "**Comprehensive Services and Goods Procurement and Supply Framework Agreement**") with Abiman and its associates, pursuant to which: (i) our Group may procure machinery, goods and components, such as auxiliary equipment components, and maintenance, repair technical support and others services from Abiman and its associates; and (ii) our Group may supply goods and products, such as HRS and HRS components, and render maintenance and technical support services, such as software development, to Abiman and its associates.

Separate underlying agreements, purchase orders, service agreements or other transactional documents will be entered into between the relevant members of our Group and Abiman and its associates setting out the specific terms of the transactions, including the type and quantity of products, scope of services, pricing terms, payment arrangements, delivery schedules and performance standards. The Comprehensive Services and Goods Procurement and Supply Framework Agreement has a term commencing from the **[REDACTED]** to December 31, 2029, which may be renewed for a further term of not exceeding three years upon mutual agreement of the parties, subject to compliance with the Listing Rules and all applicable laws and regulations.

Reasons for and benefits of the transactions

Our Group has maintained a long-standing business relationship with Abiman and its associates.

Abiman and its associates possess extensive expertise in automation equipment, robotics, production support equipment, tooling and industrial solutions and are familiar with our operational requirements, product specifications, quality standards and delivery schedules. Accordingly, Abiman and its associates are able to provide machinery, equipment, goods, components, maintenance services and auxiliary products that meet our operational needs on a stable and timely basis. In addition, Abiman and its associates are capable of designing and supplying customised machinery, equipment, robotic systems, production support equipment and tailor-made automation solutions according to our manufacturing requirements and customer specifications, which enhances the flexibility of our production processes and enables our Group to better serve customers with specialised operational requirements.

In addition, members of Abiman and its associates frequently participate in integrated customer projects involving stacked mold solutions. The supply of HRS and related products by our Group enables both parties to leverage their complementary capabilities and jointly serve customers in a wider range of industrial applications.

Accordingly, our Directors believe that the transactions contemplated under the Comprehensive Services and Goods Procurement and Supply Framework Agreement are conducted in the ordinary and usual course of business of our Group and are beneficial to the long-term development of our business.

Pricing policy

The consideration payable or receivable under the Comprehensive Services and Goods Procurement and Supply Framework Agreement will be determined on normal commercial terms or better with the following principles:

Procurement of machinery, goods and components, and receiving of services

The procurement fees payable by our Group are generally determined by taking into account (i) our specifications, functionality, quantity and technical requirements of the relevant products; (ii) the estimated costs to be incurred by Abiman and its associates in performing their obligations as the calculation basis, with reference to a reasonable profit margin to be charged; and (iii) the prevailing market price offered by other competent suppliers which are Independent Third Party.

The service fees payable by our Group will generally be determined with reference to (i) the specifications required by us; (ii) the services complexity and time to be incurred; and (iii) the prevailing market price offered by other competent suppliers which are Independent Third Party.

Supply of goods and products, and rendering of services

The selling price of goods and products supplied by our Group will generally be determined on a cost-plus basis, factoring in product specifications, order quantity, production cost, project requirements, reasonable profits and prevailing market conditions.

In respect of the rendering of services, service fees receivable by our Group will generally be determined on a cost-plus basis, having regard to factors including manpower requirements, technical complexity and prevailing market conditions.

Historical amounts

The historical transaction amounts under the Comprehensive Services and Goods Procurement and Supply Framework Agreement were as follows:

	For the year ended December 31,			For the six months ended June 30,
Nature of Transaction	**2023**	**2024**	**2025**	**2026**
	(USD in thousand)			
Procurement of machinery, goods and components and receiving of services	971.2	928.6	2,246.1	520.9
Supply of goods and products and rendering of services . .	2,243.8	2,426.3	3,417.2	1,060.0

Annual caps

The proposed annual caps for the transactions contemplated under the Comprehensive Services and Goods Procurement and Supply Framework Agreement are set out below:

Nature of Transaction	For the year ended December 31,		
	2027	2028	2029
		(USD in thousand)	
Procurement of machinery, goods and components and receiving of services	7,835.4	10,416.2	7,636.5
Supply of goods and products and rendering of services	3,044.7	3,347.5	3,680.6

The above proposed annual caps are estimated based on the reasons and factors including:

(i) our planned capital expenditure and expected investments in production facilities and automation equipment, which is anticipated to grow following the establishment of our Suzhou and Dongguan facilities and our strategy to enhance our hub-and-satellite manufacturing model. For further details on the expansion of our Suzhou facility and Dongguan facility, please refer to the section headed "Future Plan and **[REDACTED]** — **[REDACTED]**" in this document;

(ii) the historical transaction amounts recorded during the Track Record Period. In particular, the procurement and sales amount increased by approximately 141.9% and 40.8%, respectively, for the year ended December 31 2025 compared to the same period in 2024, reflecting the continued growth of our business operations;

(iii) the estimated transaction amounts for the year ending December 31, 2026 factoring in the expected growth rate and the annualized amount based on that of the six months ended June 30, 2026;

(iv) the expected demand of our Group for machinery, automation equipment, components and related support services, and the projected demand from Abiman and its associates for HRS and related products, as propelled by expected market growth. According to Frost & Sullivan, the global thermal management solution industry is expected to reach from US$1,262.7 billion in 2025 to US$1,469.3 billion in 2030, representing a CAGR of 3.1%; and

(v) a reasonable buffer to accommodate fluctuations in transaction volumes, project schedules, production requirements, inflation and market conditions.

Listing Rules implications

As the highest applicable percentage ratio (other than the profits ratio) in respect of the annual caps under the Comprehensive Services and Goods Procurement and Supply Framework Agreement for each of the (i) procurement of machinery, goods and services and (ii) supply of goods and services is expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder will constitute continuing connected transactions of our Company and will be subject to the reporting, annual review and announcement requirements, but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Supply of Goods to Mr. Lee and his associates

Principal terms

On [•], our Company (for ourselves and on behalf of our subsidiaries) entered into a Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement (the "**Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement**") with Mr. Lee and his associates in relation to our sales to and purchases from Mr. Lee and his associates. Pursuant to the said agreement, our Group may supply HRS and HRS components and related products to Mr. Lee and his associates from time to time.

Separate underlying agreements, purchase orders or other transactional documents will be entered into between the relevant members of our Group and Mr. Lee and his associates which will set out the specific terms and conditions of the relevant transactions in accordance with the principles provided under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement, including the relevant products, pricing terms, payment arrangements, delivery schedules and performance requirements. The Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement has a term commencing from the **[REDACTED]** to December 31, 2029, which may be renewed for a further term of not exceeding three years upon mutual agreement of the parties, subject to compliance with the Listing Rules and all applicable laws and regulations.

Reasons for and benefits of the transactions

Our Group has maintained a stable and long-standing business relationship with Mr. Lee and his associates, whereby we developed a thorough understanding of their operational requirements and delivery expectations. In particular, we supply HRS and components to a certain entity which in turn provides packaged solutions comprising of HRS and components and value-adding ancillary services (such as on-site maintenance and repair services) to its local end-customers. For the avoidance of doubt, Mr. Lee and his associates do not engage in the production of HRS and components and the related enabling technologies.

Our supply of HRS and components not only allowed our Group to broaden its customer base and generate additional revenue, it also strengthened our market presence and enhanced the recognition of our products in the jurisdictions in which they operate. Accordingly, our Directors believe that the supply of goods and products contemplated under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement are conducted in the ordinary and usual course of business of our Group and are beneficial to the long-term development of our business.

Pricing policy

The selling price of goods supplied by our Group to Mr. Lee and his associates will generally be determined based on a cost-plus basis, having regard to factors including product specifications, order quantity, production cost, and prevailing market conditions.

Historical amounts

The historical transaction amounts for the supply of goods under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement were as follows:

	For the year ended December 31,			For the six months ended June 30,
Nature of Transaction	**2023**	**2024**	**2025**	**2026**
	(USD in thousand)			
Supply of goods	390.5	479.5	433.1	221.5

Annual caps

The proposed annual caps for the supply of goods contemplated under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement are as follows:

	For the year ended December 31,		
Nature of Transaction	**2027**	**2028**	**2029**
	(USD in thousand)		
Supply of goods	474.3	519.5	569.2

The proposed annual caps were determined primarily with reference to:

(i) the historical transaction amounts recorded during the Track Record Period which maintained relatively stable;

(ii) the estimated transaction amounts for the year ending December 31, 2026 factoring in the expected market growth rate and the annualized amount based on that of the six months ended June 30, 2026. According to Frost & Sullivan, the global thermal management solution industry is expected to reach from US$1,262.7 billion in 2025 to US$1,469.3 billion in 2030, representing a CAGR of 3.1%;

(iii) the expected sales pipeline between our Company and Mr. Lee and his associates; and

(iv) an appropriate buffer to accommodate fluctuations in customers demand, production schedules, inflation and market conditions.

Listing Rules implications

As the highest applicable percentage ratio (other than the profits ratio) in respect of the supply of goods contemplated under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement is expected to exceed 0.1% but remain below 5% on an annual basis, such transactions will constitute continuing connected transactions of our Company subject to the reporting, annual review and announcement requirements, but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Procurement of Services and Goods from Mr. Lee and its associates

Principal terms

During the Track Record Period, we procured machinery, goods, components, maintenance and repair services, design services, technical drawing services, mold flow analysis services, after-sales support services and other ancillary services from Mr. Lee and his associates. Pursuant to the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement, our Group will enter into separate purchase agreements which specify precise scope, specific terms and conditions for purchases from Mr. Lee and his associates as and when necessary. The Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement has a term commencing from the **[REDACTED]** to December 31, 2029, which may be renewed for a further term of not exceeding three years upon mutual agreement of the parties, subject to compliance with the Listing Rules and all applicable laws and regulations.

Reasons for and benefits of the transactions

Mr. Lee and his associates primarily specialize in, amongst others, the sourcing and trading of a vast variety of goods and products. In particular, our Group procured certain goods, including bolts, snap rings, gloves, consumables and auxiliary components, as well as maintenance and repair services, design services and mold flow analysis services, from Mr. Lee and his associates. Through our long-standing business relationship, we have developed a thorough understanding of their product quality, technical capabilities and service standards, while they have been able to supply our Group with products and services in a reliable manner with terms not less favourable than other suppliers in the market, which in turn ensures smooth business operation of the Group.

Accordingly, our Directors believe that the procurement of services and goods contemplated under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement are conducted in the ordinary and usual course of business of our Group and are beneficial to the long-term development of our business.

Pricing policy

The purchase price of machinery, equipment, goods and components will generally be determined with reference to (i) the type, specifications, functionality, quantity and technical requirements of the relevant products or component; (ii) the estimated costs to be incurred by Mr. Lee and his associates in performing their obligations as the calculation basis, with reference to a reasonable profit margin to be charged; and (iii) the prevailing market price offered by other competent suppliers which are Independent Third Party.

The service fees payable by our Group will generally be determined with reference to (i) the estimated procurement or production cost incurred by Mr. Lee and his associates, together with the estimated margin to be charged by it; and (ii) the prevailing market price.

Historical amounts

The historical transaction amounts for the procurement of services and goods under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement were as follows:

	For the year ended December 31,			For the six months ended June 30,
Nature of Transaction	**2023**	**2024**	**2025**	**2026**
	(USD in thousand)			
Procurement of machinery, goods and components and receiving of services	23,080.6	28,095.7	33,688.7	18,407.2

Annual caps

The proposed annual caps for the procurement of services and goods contemplated under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement are as follows:

	For the year ended December 31,		
Nature of Transaction	**2027**	**2028**	**2029**
	(USD in thousand)		
Procurement of machinery, goods and components and receiving of services	38,843.7	42,727.9	47,000.6

The proposed annual caps were determined primarily with reference to:

(i) the historical transaction amounts recorded during the Track Record Period;

(ii) the estimated transaction amounts for the year ending December 31, 2026 factoring in the potential purchases to be made by certain subsidiaries which we acquired in the first half of 2026, the annualized amount based on that of the six months ended June 30, 2026 and the expected market growth. According to Frost & Sullivan, the global thermal management solution industry is expected to reach from US$1,262.7 billion in 2025 to US$1,469.3 billion in 2030, representing a CAGR of 3.1%;

(iii) our planned capital expenditure and expected investments in production facilities and automation equipment; and

(iv) an appropriate buffer to accommodate fluctuations in customers demand, production schedules, inflation and market conditions.

Listing Rules implications

As the procurement of services and goods contemplated under the Comprehensive Services Procurement and Goods Purchase and Sale Framework Agreement is expected to have the highest applicable percentage ratio (other than the profits ratio) exceeding 5% on an annual basis, such transactions will constitute non-exempt continuing connected transactions of our Company and will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION

The transactions described under the paragraph headed "— Partially-exempt Continuing Connected Transactions" in this section will constitute our continuing connected transactions under the Listing Rules upon **[REDACTED]**, which will be subject to the reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. The transaction described under the paragraph headed "— Non-exempt Continuing Connected Transactions" in this section will constitute our continuing connected transactions under the Listing Rules upon **[REDACTED]**, which will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions described under the paragraph headed "— Partially-exempt Continuing Connected Transactions" in this section, and the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions described under the paragraph headed "— Non-exempt Continuing Connected Transactions" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps as stated above. Apart from the above waivers sought on the strict compliance of the announcement and independent Shareholders' approval requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM JOINT SPONSORS

Based on the due diligence conducted by Joint Sponsors , the Joint Sponsors are of the view that (i) the continuing connected transactions as set out above have been entered into in the ordinary and usual course of business of the Group on normal commercial terms or better which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and (ii) the proposed annual caps for the continuing connected transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BOARD OF DIRECTORS

Our Board of Directors comprises seven Directors, including four executive Directors and three independent non-executive Directors.

The table below sets out certain information in respect of our Directors:

Name	Age	Existing position(s) in our Company	Major Roles and Responsibilities	Date of Joining our Group/ Predecessor Entity	Date of Appointment as a Director	Relationship with Other Directors and Senior Management
Executive Director						
Mr. Yu Sung Jin	49	Chairman of the Board, executive Director	Overall operation and management of our Group	March 2005	August 2019	Mr. Yu Sung Jin is the elder brother of Mr. Yu Dong Jin
Mr. Lee Sang Yeol Tommy	55	Executive Director	Formulating the Group's business direction, monitoring its performance and overseeing risk management	January 1998	March 2002	None
Mr. Yu Dong Jin	47	Executive Director	Overseeing the overall management, business operations and strategic development of our Group	September 2025	September 2025	Mr. Yu Dong Jin is the younger brother of Mr. Yu Sung Jin
Mr. Kwon Yohan	49	Executive Director, chief financial officer	Overseeing financial operations, financial reporting and internal audit of the Group	October 2006	November 2018	None
Independent non-executive Director						
Mr. Kim Dong Eon	53	Independent non-executive Director	Providing independent opinion and judgment to our Board	**[REDACTED]**	**[REDACTED]**	None
Ms. Kim Mi Young	47	Independent non-executive Director	Providing independent opinion and judgment to our Board	**[REDACTED]**	**[REDACTED]**	None
Mr. Ban Kiwon	53	Independent non-executive Director	Providing independent opinion and judgment to our Board	**[REDACTED]**	**[REDACTED]**	None

Executive Directors

Mr. Yu Sung Jin, aged 49, is the chairman of the Board and an executive Director of the Group, and is primarily responsible for overall operation and management of our Group. Mr. Yu joined our Group in March 2005 as a manager at the planning department of Yudo Korea, and was primarily responsible for planning, coordinating and overseeing departmental activities, and supporting management in decision-making. In April 2009, he was promoted to the president of Yudo Korea, and was primarily responsible for overseeing our Group's business in Asia and the United States. Since August 2019, he has served as a Director of our Company. Since March 2020, he has served as the chairman of the Board of our Company. Concurrently, Mr. Yu holds management positions in several subsidiaries of the Group.

Mr. Yu has more than 22 years of experience in the HRS industry and business management. Prior to joining our Group, from December 2003 to March 2005, Mr. Yu served as a manager at Doosan Mecatec Co., Ltd. (currently known as Bumhan Mecatec Co., Ltd.), and was primarily responsible for annual budget planning, contingency planning and macro market analysis.

Mr. Yu obtained a bachelor's degree in economics and business from Sogang University in Korea in February 2004 and a part-time Master of Business Administration (**"MBA"**) degree from Vanderbilt University in the United States in May 2008.

Mr. Lee Sang Yeol Tommy, aged 55, is an executive Director of our Group, and is primarily responsible for formulating the Group's business direction, monitoring its performance and overseeing risk management.

Mr. Lee has more than 28 years of experience in HRS industry and business management. He joined our Group in January 1998, and was engaged in overseas export activities at Yudo Korea until October 1998. From December 1998 to January 2002, he served as a vice general manager at HRSTEC (International) Co., LTD, one of our current subsidiaries, and was primarily responsible for sales and business development. Since March 2002, he has served as a Director of our Company. He also served as the chief executive officer of our Company from March 2002 to March 2019, and as the chairman of the Board from March 2018 to February 2020. Concurrently, Mr. Lee holds management positions in several subsidiaries of the Group.

Mr. Lee obtained a bachelor's degree in die and mold design from Seoul National University of Science and Technology in Korea in February 1998, and a part-time Doctor of Business Administration degree from Singapore Management University in Singapore in June 2026.

Mr. Yu Dong Jin, aged 47, is an executive Director of our Group, and is primarily responsible for overseeing the overall management, business operations and strategic development of our Group. Mr. Yu joined our Group in September 2025 and has served as a Director of our Company since then.

Mr. Yu has more than 19 years of experience in HRS industry and business management. From June 2007 to February 2014, Mr. Yu served as an inside director of Petone Co., Ltd., where he was primarily responsible for the overall management of the company. During his tenure at Petone Co., Ltd., he also contributed to the development and stabilization of polyethylene terephthalate and packaging HRS, and led the company's expansion into overseas markets. Since May 2014, Mr. Yu has served as a senior director of the board of StackTeck Systems Ltd., and is primarily responsible for providing strategic direction and board-level oversight.

Mr. Yu obtained a bachelor's degree in electrical and computer engineering from Hanyang University in Korea in February 2005, and a master's degree in electronics and computer engineering from Hanyang University in February 2009.

Mr. Kwon Yohan, aged 49, is an executive Director and the chief financial officer of our Group, and is primarily responsible for overseeing the financial operations, financial reporting and internal audit of the Group. Mr. Kwon joined our Group in October 2006 and served as a secretary to the Chairman of the Board from October 2006 to February 2011. From March 2011 to December 2014, he served as a finance manager and secretary to the president of our Company. From November 2018 to September 2025, he served as a Director of our Company. Since January 2019, he has served as the chief financial officer of our Group. Concurrently, Mr. Kwon holds management positions in several subsidiaries of the Group.

Mr. Kwon has more than 19 years of experience in financial management. From January 2015 to December 2017, he served as a general manager at Abiman HK, one of our group of Controlling Shareholders and was primarily responsible for financial management and internal audit.

Mr. Kwon obtained a bachelor's degree in information sociology from Hanyang University in Korea in February 2003.

Independent Non-executive Directors

Mr. Kim Dong Eon, aged 53, has been appointed as an independent non-executive Director of our Group with the effect from the **[REDACTED]**, and will be primarily responsible for providing independent opinion and judgment to our Board.

Mr. Kim has more than 22 years of experience in accounting and financial management. From April 2004 to March 2006, he served as a manager at PricewaterhouseCoopers (Hong Kong), and was primarily responsible for dispute analysis and investigation work. He subsequently worked at Samil PricewarwehouseCoopers, where he was primarily involved in financial advisory and transactional services. Since October 2010, he has served as a managing director of IL SHIN CPA LIMITED, and is primarily responsible for leading the overall practice operations, covering audit, tax and financial advisory services for a broad base of multinational clients.

Mr. Kim obtained a bachelor's degree in business administration from the Kyungpook National University in Korea in February 2001, and a part-time MBA degree from Vlerick Leuven Gent Management School in Belgium in December 2010.

Mr. Kim has been a Certified Public Accountant with the Korea Institute of Certified Public Accountants since July 2003, a Certified Public Accountant with the Washington State Board of Accountancy, USA since October 2012, a Chartered Accountant with the Institute of Singapore Chartered Accountants since June 2016, a Practising Certified Public Accountant with the Hong Kong Institute of Certified Public Accountants since March 2017, and a member of CPA Australia since September 2018.

Ms. Kim Mi Young, aged 47, has been appointed as an independent non-executive Director of our Group, and will be primarily responsible for providing independent opinion and judgment to our Board.

Ms. Kim has more than 22 years of experience in accounting and corporate compliance affairs. From December 2003 to March 2005, she served as an internal auditor assistant at Kakao Corp., a company listed on the Korea Exchange (stock code: 035720). From March 2005 to April 2006, she served as an assistant accounting manager at Kakao Corp. From April 2006 to August 2007, she served as an assistant manager of compliance at Cardif Life Insurance, a subsidiary of BNP Paribas SA, a company listed on Euronext Paris (stock code: BNP). From February 2009 to February 2010, she served as a senior supervisor of the corporate affairs team at MetLife Inc., a company listed on the New York Stock Exchange (stock code: MET). From April 2010 to February 2012, she served as head of agency standards office at Chubb, a company listed on the New York Stock Exchange (stock code: CB). From February 2012 to July 2017, she served as a regional senior internal auditor at Chubb. From August 2017 to April 2019, she served as a life regional senior compliance manager at Chubb. From June 2019 to August 2022, she served as a senior auditor at SEONE Public Accounting Limited. Since September 2022, she has served as a managing director at Vine Consulting Limited, and is primarily responsible for overseeing accounting, financial advisory and related corporate and consulting services.

Ms. Kim obtained a bachelor's degree in music composition from Yonsei University in Korea in February 2001, and a bachelor's degree in accounting from West Virginia Wesleyan College in the United States in May 2003.

Ms. Kim has been a Certified Public Accountant with the New Jersey State Board of Accountancy, United States since January 2015, and a Certified Public Accountant with the Hong Kong Institute of Certified Public Accountants since July 2021.

Mr. Ban Kiwon, aged 53, has been appointed as an independent non-executive Director of our Group, and will be primarily responsible for providing independent opinion and judgment to our Board.

Mr. Ban has more than 16 years of experience in teaching and research in physiology, cardiology and life sciences. From March 2010 to January 2016, he worked at Emory University in the United States, where he served as an instructor at the medicine department, and was primarily responsible for performing research. Since March 2016, he has served as an associate professor at the City University of Hong Kong, and is primarily responsible for teaching and research.

Mr. Ban obtained a bachelor's degree in science from Dongguk University in Korea in February 1998, and a master's degree in science from the University of Toronto in Canada in December 2005. He further obtained a doctor of philosophy degree from the University of Toronto in Canada in March 2010.

SENIOR MANAGEMENT

The table below sets out certain information in respect of the senior management of the Group:

Name	Age	Existing position(s) in our Company	Major Roles and Responsibilities	Date of Joining our Group	Date of Appointment as senior management	Relationship with Other Directors and Senior Management
Mr. Han Seungyup. .	50	Chief executive officer	Overseeing the overall operations, day-to-day management and strategic execution of our Group	January 2000	March 2020	None
Mr. Kwon Yohan. . .	49	Executive Director, chief financial officer	Overseeing financial operations, financial reporting and internal audit of the Group	October 2006	January 2019	None

Mr. Han Seungyup, aged 50, is the chief executive officer of our Group, and is primarily responsible for overseeing the overall operations, day-to-day management and strategic execution of our Group.

Mr. Han has more than 26 years of experience in HRS industry. He joined our Group in January 2000 and served as the manufacturing and design head of our Company until February 2008, where he was primarily responsible for design and manufacturing of products. From March 2008 to February 2020, he held various positions at Yudo (Suzhou), including manufacturing head from March 2008 to December 2009, general manager from January 2010 to December 2017 and president of the China region from January 2018 to February 2020, where he was primarily responsible for research and development, expansion of factory and sales activities. Since March 2020, Mr. Han has served as the chief executive officer of our Group.

Mr. Han obtained an associate degree in engineering from Inha Technical College in February 2000.

Mr. Kwon Yohan is our chief financial officer. For details of his biography, see "Board of Directors — Executive Directors" in this section.

COMPANY SECRETARY

Ms. Tong Ka Kei (湯家錡女士) was appointed as a company secretary of our Company with effect from the **[REDACTED]**.

Ms. Tong Ka Kei is an assistant manager of the listing services department at TMF Hong Kong Limited, and is responsible for providing corporate secretarial and compliance services to listed companies. She has over 8 years of experience in company secretarial profession. Ms. Tong is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Tong received a bachelor's degree in business administration from Hong Kong Shue Yan University in July 2018.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of the Directors confirms that he/she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 26, 2026, and (ii) understands his/her responsibilities as a director of a **[REDACTED]** under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed that (i) he/she is independent with respect to each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules, (ii) as of the Latest Practicable Date, he/she did not have, in the past or at present, any financial or other interest in the business of the Company or its subsidiaries, nor any connection with any core connected person of the Company under the Listing Rules, and (iii) there are no other factors that may affect his/her independence at the time of his/her appointment.

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors (other than our independent non-executive Directors) had interests in any business, which competes or is likely to compete, either directly or indirectly, with our business that would require disclosure under Rule 8.10(2) of the Listing Rules.

BOARD COMMITTEES

Our Board has established our Audit Committee, Remuneration Committee and Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, and have adopted written terms of reference for the committee. The primary duties of the Audit Committee are to assist the Board in fulfilling its duties through the review and supervision of the Company's financial reporting, risk management and internal controls and to assist the Board with any other responsibility as may be delegated by the Board from time to time. The Audit Committee consists of three members, namely Mr. Kim Dong Eon, Ms. Kim Mi Young and Mr. Ban Kiwon, among whom Mr. Kim Dong Eon serves as the chairperson of the Audit Committee and is a Director with appropriate qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, and have adopted written terms of reference for the committee. The primary duties of the Remuneration Committee are to assist the Board in establishing a formal and transparent remuneration policy and structure for Directors and senior management, and to review and make recommendations on related remuneration matters. The Remuneration Committee consists of five members, namely Mr. Ban Kiwon, Mr. Yu Sung Jin, Mr. Lee Sang Yeol Tommy, Mr. Kim Dong Eon and Ms. Kim Mi Young, among whom Mr. Ban Kiwon serves as the chairperson of the Remuneration Committee.

Nomination Committee

We have established a Nomination Committee in compliance with paragraph B.3 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, and have adopted written terms of reference for the committee. The primary duties of the Nomination Committee are to assist the Board in maintaining an appropriate Board composition and an effective nomination, succession planning and evaluation framework. The Nomination Committee consists of five members, namely Ms. Kim Mi Young, Mr. Yu Sung Jin, Mr. Lee Sang Yeol Tommy, Mr. Kim Dong Eon and Mr. Ban Kiwon, among whom Ms. Kim Mi Young serves as the chairperson of the Nomination Committee.

CORPORATE GOVERNANCE

Our Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the Corporate Governance Code. Our Company is committed to the view that the Board should include a balanced composition so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy (the **"Board Diversity Policy"**) which sets out the approach to achieve diversity of our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Our Nomination Committee is responsible for the implementation of the Board Diversity Policy. Upon completion of the **[REDACTED]**, our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of the Board Diversity Policy in our corporate governance report on an annual basis.

Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Directors currently consists of one female Director and six male Directors with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, finance, accounting and risk management. They obtained degrees in various majors including economics, business administration, die and mold design, electrical and computer engineering. We have three independent non-executive Directors with different industry backgrounds, representing over one-third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our Board Diversity Policy.

REMUNERATION

We offer our Directors and senior management members, who are also our Company's employees, emoluments in the form of wages, salaries and bonuses, welfare and other benefits, and pension cost. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairperson of our Board committees). We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

For the three years ended December 31, 2025 and for the six months ended June 30, 2026, the aggregate amount of emoluments paid to our Directors amounted to approximately US$2.1 million, US$2.2 million, US$2.1 million and US$1.3 million, respectively. Under the arrangement currently in force, we estimate the total remuneration before taxation, including estimated share-based remuneration, to be accrued to our Directors for the year ending December 31, 2026 to be approximately US$1.7 million. The actual remuneration of Directors for the year ending on December 31, 2026 may be different from the expected remuneration.

For the three years ended December 31, 2025 and for the six months ended June 30, 2026, the total emoluments paid to the five highest paid individuals (including 2, 2, 2 and 1 Directors) by us amounted to US$4.1 million, US$4.5 million, US$5.0 million and US$2.6 million, respectively.

During the Track Record Period, no remuneration was paid to our Directors or any of the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any of our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the **[REDACTED]**, receive recommendations from our Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and the performance of our Group.

COMPLIANCE ADVISOR

We have appointed Fosun International Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will provide us with guidance and advice as to compliance with the requirements of the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will provide advice to the Company in, among others, the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where we contemplate a transaction, which might be a notifiable transaction or connected transaction, including the issue of shares, the sale or transfer of treasury shares and the repurchase of shares;

(c) where we propose to use the **[REDACTED]** from the **[REDACTED]** in a manner different from that detailed in this document, or where the business activities, developments or results of the Group deviate from any forecast, estimate or other information contained in this document; and

(d) where the Hong Kong Stock Exchange makes inquiries of the Company under Rule 13.10 of the Listing Rules regarding unusual movements in the price or trading volume of our **[REDACTED]** securities or any other matters.

The term of appointment of the compliance adviser will commence on the **[REDACTED]** and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the **[REDACTED]**, and such appointment may be extended by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately after completion of the **[REDACTED]**, the following persons will have an interest in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		Shares held after the Share Subdivision and immediately prior to the completion of the [REDACTED]		Shares held immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised)[1]		Shares held immediately after completion of the [REDACTED] (assuming the [REDACTED] is exercised in full)[1]	
Shareholder	Nature of interest	Number	Percentage	Number	Percentage	Number	Percentage
Abiman HK[2]	Beneficial Owner	236,778,600	78.66%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation	5,026,700	1.67%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Abiman Singapore[3]	Interest in controlled corporation	241,805,300	80.33%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Yu Young Hee[3]	Interest in controlled corporation	241,805,300	80.33%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tommy & Partners Co., Ltd[4]	Beneficial Owner	59,194,700	19.67%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Lee Sang Yeol Tommy[4]	Interest in controlled corporation	59,194,700	19.67%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) All the interests stated are long positions.

(2) As of the date of this document, Abiman HK owns 80% of Best Profit, which in turns own held 1.67% interest in our Company. As such, by virtue of the SFO, Abiman HK is deemed to be interested in shares held by Best Profit.

(3) As of the Latest Practicable Date, Abiman HK was owned as to 99.0% by Abiman Singapore, which was in turn owned as to 51.0% by Mr. Yu Young Hee. As such, by virtue of the SFO, each of Abiman Singapore and Mr. Yu Young Hee is deemed to be interested in shares held by Abiman HK.

(4) As of the Latest Practicable Date, Tommy & Partners Co., Ltd was wholly owned by Mr. Lee Sang Yeol Tommy. As such, by virtue of the SFO, Mr. Lee Sang Yeol Tommy is deemed to be interested in the Shares held by Tommy & Partners Co. Ltd.

Save as disclosed above, our Directors are not aware of any other person who will, immediately after completion of the **[REDACTED]**, have an interest and/or a short position in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

OUR SHARE CAPITAL

The following is a description of the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the **[REDACTED]**.

	Number of Shares
Number of Shares:	
Shares in issue as of the date of this document	[3,010,000]
Shares in issue immediately following the Share Subdivision and before the **[REDACTED]**	[301,000,000]
Shares to be issued:	
Shares to be issued pursuant to the **[REDACTED]** (assuming the **[REDACTED]** is not exercised)	**[REDACTED]**
Shares on completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	**[REDACTED]**
Shares to be issued:	
Shares to be issued on exercise of the **[REDACTED]** in full	**[REDACTED]**
Shares on completion of the [REDACTED] (assuming the [REDACTED] is exercised in full)	**[REDACTED]**

Other than the **[REDACTED]**, and save as disclosed in this document in the section headed "Information about this document and the **[REDACTED]**", we do not propose to carry out any public or private issue or to place securities simultaneously with the **[REDACTED]** or within the next six months. We have not approved any Share issue plan other than the **[REDACTED]**.

ASSUMPTION

The above table assumes that the **[REDACTED]** becomes unconditional and is completed in accordance with the relevant terms and conditions and that the Shares are issued pursuant to the **[REDACTED]**. The above does not take into account any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The **[REDACTED]** are ordinary shares in the share capital of our Company and will rank equally and carry the same rights in all respects with all Shares currently in issue or to be issued as mentioned in this document and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares or securities convertible into Shares and to make or grant share sale plans, offers, agreements or options which would or might require the exercise of such powers to allot, issue and deal with the Shares, with an aggregate number of Shares allotted or agreed to be allotted, otherwise than by way of rights issue or pursuant to the exercise of any options which may be granted under any share option scheme or by virtue of scrip dividend schemes or similar arrangements in accordance with our Articles, not more than the sum of:

(i) 20% of the aggregate number of Shares in issue immediately following completion of the **[REDACTED]** on the **[REDACTED]** (excluding Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**); and

(ii) the aggregate number of Shares repurchased by our Company (if any) under the general mandate to repurchase Shares granted to our Directors referred to below.

This general mandate will expire at the earliest of:

(i) the conclusion of our Company's next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any other applicable laws and regulations of Hong Kong to be held; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

Please refer to "Appendix IV — Statutory and General Information — Further Information about our Group — (c) Resolutions of Our Shareholders" for details of this general mandate.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total number of Shares of not more than 10% of the aggregate number of Shares immediately following completion of the **[REDACTED]** but excluding any Shares which may be issued pursuant to the exercise of the **[REDACTED]**.

This mandate only relates to repurchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are **[REDACTED]** (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules.

This mandate will expire at the earliest of:

(i) the conclusion of our Company's next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any other applicable laws and regulations of Hong Kong to be held; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

See "Appendix IV — Statutory and General Information — Further Information about our Group — Resolutions of Our Shareholders" for details of this repurchase mandate.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Companies Ordinance and the Articles of Association, our Company may from time to time by ordinary Shareholders' resolution (i) increase its share capital; (ii) alter its share capital; and (iii) cancel any Shares which have not been taken or have been forfeited. In addition, our Company may reduce its share capital by Shareholders' special resolution. See "Appendix III — Summary of the Articles of Association — Changes in Capital".

Further, subject to the provisions of the Companies Ordinance, all or any of the special rights (unless otherwise provided by the terms of issue) attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of not less than 75% of the total voting rights of the holders of the shares of that class, or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. See "Appendix III — Summary of the Articles of Association — Variation of Rights".

*You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto, included in the Accountant's Report set out in Appendix I to this document (the "**Historical Financial Information**"). The consolidated financial statements have been prepared in accordance with the HKFRS Accounting Standards. Potential investors should read the whole Historical Financial Information and not rely merely 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. These statements are based on our assumptions and analysis in light of our experience and perception of historical events, current conditions, expected future developments and other factors we believe to be appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions are subject to risks and uncertainties. Past performance is no guarantee of future results. In evaluating our business, you should carefully consider the information provided in this document, including, but not limited to, the sections headed "Risk Factors" and "Business."*

OVERVIEW

We are a global precision thermal management technology company and the world's largest provider of HRS in terms of both revenue and market share, accounting for 12.5% of the global HRS market in 2025, according to F&S. We design, engineer and manufacture differentiated thermal control products and solutions that govern the heating, cooling and flow of materials in precision manufacturing processes across an expanding range of applications and evolving end markets. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded revenue of US$367.3 million, US$373.0 million, US$380.8 million, US$187.9 million and US$181.6 million, gross profit of US$198.6 million, US$203.1 million, US$207.2 million, US$101.5 million and US$100.4 million, and gross profit margin of 54.1%, 54.4%, 54.4%, 54.0% and 55.3%, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Set forth below are certain key factors which have historically affected our results of operations and may continue to impact our results in the future:

Development of the Industries Where We and Our Customers Operate

We provide integrated thermal control solutions. Beyond the design and manufacturing of HRS, our offering spans pre-sales computer-aided engineering analysis and design consulting, temperature controllers and smart devices that connect our systems to our customers' production management systems as well as comprehensive after-sales services, including real-time monitoring, technical support and the replacement of spare parts. Demand for our products and solutions is closely linked to market acceptance of HRS sets as well as the continued growth of the industries in which our customers operate. Since our inception, we have strategically aligned ourselves with prevailing industry trends to capture growth opportunities and deliver sustainable performance.

In recent years, the global precision thermal management solution industry has grown steadily, benefiting from multiple drivers, including expanding applications driven by new energy vehicles, AI computing hardware, medical consumables and the continuous evolution of consumer electronics. According to F&S, the market size of the global thermal management solution industry in terms of revenue grew from US$1,212.2 billion in 2020 to US$1,262.7 billion in 2025, representing a CAGR of 0.8%, and is expected to grow to US$1,469.3 billion in 2030, representing a CAGR of 3.1%. Against this backdrop, the market in which we operate has maintained and is expected to continue to maintain steady and resilient growth. These favorable market dynamics have provided a solid foundation for our continuous business expansion.

Moreover, our sustainable business and financial growth also depend on the growing demand from the industries in which our major downstream customers operate. Our customers currently span a variety of industries, such as automotive, packaging as well as electronics and home appliance. Growth in these downstream industries creates greater demand for our products and solutions and enhances our ability to attract new customers. Going forward, we intend to both deepen our presence in existing downstream application scenarios and expand into emerging industries where we can leverage our experience to create a second growth engine.

Our Ability to Reinforce Our Customer Relationship and Develop Our Customer Base

Our HRS solutions are typically customized to cater to the different needs of our customers. Therefore, our results of operations have been, and are expected to continue to be, affected by our ability to solidify our relationships with our customers. During the Track Record Period, most of our customers were mold makers. We also sold our HRS sets directly to prominent manufacturers of end products or parts and assisted them in their product development, design changes and innovation in the early stages. We sold our products and solutions directly to our customers. As of the Latest Practicable Date, we had established 14 sales subsidiaries, 23 sales agencies and 32 sales offices across 39 countries and regions to address the various needs of our downstream customers around the world.

Our relationships with our customers depend on various factors, including the attractiveness of our products and solutions based on their benefits and costs to our customers, the availability and relative advantages of alternative products and solutions from our competitors and the specific demands of our customers. We must continually reinforce our customer relationships in view of these factors to ensure continued procurement from us, maintain our market share and competitive advantages and price our products and solutions effectively.

In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated from our five largest customers in each period during the Track Record Period accounted for 6.6%, 6.0%, 6.6% and 7.0% of our total revenue, respectively. We expect to further expand our customer base as we expand our business lines, which will help further diversify our revenue streams and improve our resilience.

Our Abilities to Continuously Upgrade Our Products and Solutions to Address Diverse Customer Needs

During the Track Record Period, we were dedicated to satisfying evolving market needs, sustaining product competitiveness and ensuring solid profitability through product optimization. We have consistently invested in customized HRS solutions to diverse industrial application scenarios while addressing various needs of our customers. These HRS solutions provide key benefits, including the ability to manufacture complex components with high precision while enabling large-scale, cost-efficient production.

Our abilities to deepen our presence in different downstream sectors while continuously launching innovative products and solutions will remain a key driver of our long-term revenue growth and profitability. Looking forward, we plan to expand into new application verticals where precise thermal control is a critical determinant of product quality and production economics or is required by emerging production processes, including heater blocks, multi-material co-injection, ultra-precision runnerless molding for contact lenses, in-mold polyurethane coating and supercritical-fluid molding for footwear midsoles. We also plan to further advance our diffusion bonding technology and 3D metal printing capabilities to address increasing product complexity across our core HRS business and selected adjacent application verticals, develop AI-assisted product development tools that enable the automated generation and rapid iteration of product designs and develop AI-enabled process intelligence across our products and manufacturing solutions.

Cost Control and Operation Efficiency

Our business results, profitability and future growth are closely linked to our ability to enhance operational efficiency and optimize cost management. Our cost of sales amounted to US$168.7 million, US$169.9 million, US$173.7 million, US$86.4 million and US$81.1 million, accounting for 45.9%, 45.6%, 45.6%, 46.0% and 44.7% of our revenue, in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. To effectively control our procurement costs, we have implemented internal procurement procedures to promote cost efficiency, quality control and supply stability. In particular, we typically require comparison among at least two vendors for procurement.

During the Track Record Period, costs of raw materials accounted for the majority of our cost of sales. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, raw materials used and changes in inventories represented 54.3%, 52.4%, 55.8%, 55.9% and 54.8% of our cost of sales, respectively. We typically procure raw materials and components from suppliers through non-exclusive supply contracts with no minimum purchase commitment. The prices of such raw materials and components are generally either fixed for the effective term of the supply contract or determined taking into account the then-prevailing market price, which allows us to better manage our procurement cost and provide customers with more accurate pricing on our products and solutions.

During the Track Record Period, we continuously improved production efficiency through our streamlined production workflows, wider deployment of automation and greater economies of scale achieved from scaling-up operations. These initiatives have supported our stable gross profit margins during the Track Record Period.

Effectiveness of Our R&D Efforts

We believe that R&D is pivotal to our long-term development and serves as a critical pillar to sustain our stable profitability. As the global precision thermal management solution industry in which we operate evolves, we remain committed to sustained investment in R&D to maintain our technological leadership and meet the changing needs of our customers. We focus on developing a more diverse range of HRS solutions for a wider array of industries and specialized application scenarios. Given that a significant portion of our products and solutions must be designed and manufactured based on specific customer requirements, we have accumulated advanced product design and precision development capabilities, as well as a suite of key manufacturing technologies that enable us to produce high-precision, premium-quality products across diverse industries. These efforts have contributed to our competitive advantages and, in turn, to our historical performance.

During the Track Record Period, we have steadily invested and remained committed to investing in our R&D efforts to advance our technological edge. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to US$11.1 million, US$10.4 million, US$11.5 million, US$5.5 million and US$5.7 million, respectively. Going forward, we expect to continue investing in R&D in a manner that closely aligns with our business objectives and enables us to capture industry trends.

The Convertible Preference Shares and Buy-back Arrangement

Our business is subject to the impact of our financing activities and dividend payments. On December 12, 2017, we agreed to allot and issue 1,290,000 convertible preference shares of our Company (the "**Convertible Preference Shares**") at an aggregate subscription price of US$178.2 million to Match Jersey, an independent third party, and Match Jersey agreed to contribute US$19.8 million to the capital of the Convertible Preference Shares then in issue in the form of a capital surplus increase without changing the total number of outstanding Convertible Preference Shares. Subsequently on January 20, 2026, Match Jersey and we entered into a share buy-back agreement, pursuant to which (i) we agreed to declare and pay a special dividend in the amount of US$90.0 million (the "**Special Dividend**") to Match Jersey as the holder of the Convertible Preference Shares; (ii) subject to the settlement of the Special Dividend, the Convertible Preference Shares were converted into ordinary shares on a one-for-one basis (the "**Share Conversion**"); and (iii) following the Share Conversion, we bought back an aggregate of 1,290,000 ordinary shares with US$280.0 million (the "**Buy-back Arrangement**"). See "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes of Our Company." After adjusting for the fair value change of convertible preference shares, convertible preference share dividends and unwinding interest on redemption liabilities arising from the Buy-back Arrangement, our adjusted net profit in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026 was US$74.2 million, US$78.3 million, US$87.9 million, US$45.6 million and US$39.6 million, respectively.

BASIS OF PREPARATION

Our Historical Financial Information has been prepared in accordance with the HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Historical Financial Information has been prepared on a historical cost basis, except for certain financial assets at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss. The accounting policies applied in the preparation of the Historical Financial Information have been consistently applied to all the years/periods presented, unless otherwise stated.

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions and complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operating results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. When reviewing our consolidated financial statements, you should consider, among other things: (i) information about our material accounting policy; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Information about our material accounting policy, estimates and judgments, which are important for an understanding of our financial condition and results of operations, including any changes in accounting policy and disclosures, are set forth in detail in Note 2 to the Accountant's Report in Appendix I to this document.

Revenue Recognition

Income is classified by us as revenue when it arises from the sale of goods or the provision of services.

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of our revenue recognition policies are as follows:

Revenue from sales of goods

Revenue is recognized when we transfer the control over the HRS turnkey solutions to customers (i.e. goods accepted by customers), which occurs at the point when the products are delivered to the customers' designated places, the goods are accepted by the customers and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

Inventories

Inventories, comprising raw materials, work in progress and finished goods, are stated at the lower of cost and net realizable value.

Cost is determined using the weighted average cost method and comprises direct materials, direct and indirect labor costs and production overheads incurred in bringing the inventories to their present location and condition, based on normal operating capacity. Costs of purchased inventories are determined after deducting rebates and discounts.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment, other than construction in progress and freehold land, are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less accumulated impairment losses, if any. Cost comprises the direct costs of construction and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Construction in progress is transferred to the appropriate category of property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress until the relevant assets are available for use.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

DESCRIPTION OF KEY STATEMENTS OF PROFIT OR LOSS ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
			(US$,000)		
				(unaudited)	*(unaudited)*
Revenue	**367,263**	**373,008**	**380,816**	**187,909**	**181,564**
Cost of sales	(168,674)	(169,917)	(173,664)	(86,419)	(81,139)
Gross profit	198,589	203,091	207,152	101,490	100,425
Other income and gains, net	7,563	2,269	7,015	5,928	3,274
Selling and administrative expenses	(93,989)	(89,264)	(91,803)	(43,142)	(44,247)
Research and development expenses	(11,051)	(10,387)	(11,532)	(5,462)	(5,683)
Net provision for credit loss allowances of trade and other receivables	(3,777)	(1,054)	(1,705)	(670)	(679)
Operating profit	**97,335**	**104,655**	**109,127**	**58,144**	**53,090**
Finance costs, net	(18,572)	(23,457)	(100,062)	(3,130)	(8,249)
Fair value gain/(loss) of convertible preference shares	27,450	(8,831)	(44,446)	(5,883)	–
Profit/(loss) before income tax	**106,213**	**72,367**	**(35,381)**	**49,131**	**44,841**
Income tax expense	(24,036)	(27,750)	(22,330)	(13,023)	(11,483)
Profit/(loss) for the year/period	**82,177**	**44,617**	**(57,711)**	**36,108**	**33,358**

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the HKFRS Accounting Standards, we also use adjusted profit for the year/period as an additional financial measure, which is not required by, or presented in accordance with, the HKFRS Accounting Standards. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted profit for the year/period may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under the HKFRS Accounting Standards.

We define adjusted net profit for the year/period (non-HKFRS measure) as profit/(loss) for the year/period adjusted for the fair value change of convertible preference shares, convertible preference share dividends and unwinding interest on redemption liabilities, which were non-recurring and non-operating in nature. See "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes of Our Company." The following table reconciles this non-HKFRS measure to profit/(loss) for the year/period which is presented in accordance with the HKFRS Accounting Standards.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
			(US$,000)	*(unaudited)*	*(unaudited)*
Profit/(loss) for the year/period	**82,177**	**44,617**	**(57,711)**	**36,108**	**33,358**
Non-HKFRS adjustments:					
Fair value change of convertible preference shares	(27,450)	8,831	44,446	5,883	–
Convertible preference share dividends	19,500	24,887	101,131	3,600	–
Unwinding interest on redemption liabilities	–	–	–	–	6,233
Adjusted profit for the year/period	**74,227**	**78,335**	**87,866**	**45,591**	**39,591**

Revenue

During the Track Record Period, we generated our revenue from the sales of our (i) HRS sets; (ii) HRS parts, such as temperature controllers and replacement component parts; and (iii) others relating to injection molding, such as mold bases.

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

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(US$'000, except for percentages)									
							(unaudited)		*(unaudited)*	
HRS sets	308,109	83.9	313,460	84.0	321,886	84.5	159,871	85.1	153,213	84.4
HRS parts	54,239	14.8	55,096	14.8	54,657	14.4	26,029	13.9	26,244	14.5
Others	4,915	1.3	4,452	1.2	4,273	1.1	2,009	1.0	2,107	1.1
Total	**367,263**	**100.0**	**373,008**	**100.0**	**380,816**	**100.0**	**187,909**	**100.0**	**181,564**	**100.0**

Our revenue decreased from US$187.9 million in the six months ended June 30, 2025 to US$181.6 million in the six months ended June 30, 2026, primarily due to lower demand as a result of less new projects being launched in the electronics and home appliance industry in Greater China and Korea in the first half of 2026.

Our product portfolio covers key industries such as (i) automotive; (ii) electronics and home appliance; and (iii) packaging. The following table sets forth a breakdown of our revenue from HRS sets by the industry of our customers for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(US$'000, except for percentages)									
							(unaudited)		*(unaudited)*	
Automotive	164,374	53.3	164,571	52.5	171,897	53.4	87,886	55.0	88,045	57.5
Electronics and home appliance	78,530	25.5	78,969	25.2	74,842	23.3	36,918	23.1	29,025	18.9
Packaging	30,119	9.8	32,622	10.4	31,454	9.8	14,463	9.0	16,103	10.5
Others[(1)]	35,086	11.4	37,298	11.9	43,693	13.5	20,604	12.9	20,040	13.1
Total	**308,109**	**100.0**	**313,460**	**100.0**	**321,886**	**100.0**	**159,871**	**100.0**	**153,213**	**100.0**

Note:

(1) Primarily included industrial and others.

The following table sets forth a breakdown of our revenue by the location of our customers for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(US$'000, except for percentages)									
							(unaudited)		*(unaudited)*	
Greater China	175,826	47.9	187,805	50.3	205,817	54.0	103,546	55.1	101,863	56.1
Korea	80,730	22.0	75,918	20.4	64,811	17.0	29,687	15.8	30,324	16.7
Rest of Asia[(1)]	39,294	10.7	39,486	10.6	42,011	11.0	20,493	10.9	19,599	10.8
Europe	35,985	9.8	33,010	8.8	31,788	8.3	16,121	8.6	14,252	7.8
Japan	12,414	3.4	15,280	4.1	13,268	3.5	6,981	3.7	5,800	3.2
Other markets[(2)]	23,014	6.2	21,509	5.8	23,121	6.2	11,081	5.9	9,726	5.4
Total	**367,263**	**100.0**	**373,008**	**100.0**	**380,816**	**100.0**	**187,909**	**100.0**	**181,564**	**100.0**

Notes:

(1) Excluded Korea and Japan.

(2) Primarily included North America and South America.

Cost of sales

Our cost of sales comprised (i) raw materials used and changes in inventories; (ii) employee benefit expenses; (iii) subcontracting charges; (iv) depreciation and amortization; (v) transportation; (vi) utilities; and (vii) others. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales represented 45.9%, 45.6%, 45.6%, 46.0% and 44.7% of our total revenue, respectively.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(US$'000, except for percentages)									
							(unaudited)		*(unaudited)*	
Raw materials used and changes in inventories	91,613	54.3	89,088	52.4	96,968	55.8	48,270	55.9	44,461	54.8
Employee benefit expenses	33,127	19.6	33,143	19.5	31,822	18.3	15,985	18.5	16,632	20.5
Subcontracting charges	18,742	11.1	20,922	12.3	19,072	11.0	9,034	10.5	6,745	8.3
Depreciation and amortization	9,922	5.9	9,459	5.6	8,957	5.2	4,505	5.2	4,315	5.3
Utilities	4,507	2.7	4,722	2.8	4,981	2.9	2,237	2.6	2,579	3.2
Transportation	4,255	2.5	5,101	3.0	4,599	2.6	2,523	2.9	2,231	2.7
Others[(1)]	6,508	3.9	7,482	4.4	7,265	4.2	3,865	4.4	4,176	5.2
Total	**168,674**	**100.0**	**169,917**	**100.0**	**173,664**	**100.0**	**86,419**	**100.0**	**81,139**	**100.0**

Note:

(1) Primarily included repair and maintenance, travelling and business development, other taxes and surcharges and short term lease expenses.

Our cost of sales decreased from US$86.4 million in the six months ended June 30, 2025 to US$81.1 million in the six months ended June 30, 2026, primarily due to decreases in (i) raw materials used and changes in inventories; and (ii) subcontracting charges as a result of our acquisition of Magnet Co., Ltd. and Kiwon Superprecision, who were our subcontractors. See "Business — Our Manufacturing Facilities and Processes — Subcontracting."

Gross profit and gross profit margin

Our gross profit increased by 2.3% from US$198.6 million in 2023 to US$203.1 million in 2024, and further increased by 2.0% to US$207.2 million in 2025, primarily due to the steady growth of our business operations while maintaining effective cost control. Our gross profit remained relatively stable in the six months ended June 30, 2025 and 2026 at US$101.5 million and US$100.4 million, respectively.

Our gross profit margin remained relatively stable in 2023, 2024 and 2025 at 54.1%, 54.4% and 54.4%, respectively. Our gross profit margin increased from 54.0% in the six months ended June 30, 2025 to 55.3% in the six months ended June 30, 2026, primarily due to the improved operation efficiency at our factories, which helped maintain consistent cost structures despite the gradual decrease in average selling price of our HRS sets throughout the Track Record Period.

Other income and gains, net

Our other income and gains, net mainly comprised sales of scrap materials, government grants, gains on bargain purchase and net foreign exchange gains or losses. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our other income and gains, net represented 2.1%, 0.6%, 1.8%, 3.2% and 1.8% of our total revenue, respectively. The following table sets forth a breakdown of our other income and gains, net for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
			(US$,000)	*(unaudited)*	*(unaudited)*
Other income					
Government grants	875	698	1,232	574	1,070
Value-added tax ("**VAT**") refund	526	643	534	215	163
Rental income	448	502	434	219	226
Sales of scrap materials	2,488	2,463	2,763	1,308	1,801
Management service fee income from related companies	7	25	9	5	10
Dividend income from financial assets	34	37	35	36	36
Others	430	385	282	212	34
Sub-total	**4,808**	**4,753**	**5,289**	**2,569**	**3,340**
Other gains/(losses), net					
Net foreign exchange gains/(losses)	2,224	(3,156)	1,699	2,574	(1,005)
Gains on bargain purchase	–	–	–	–	1,038
(Losses)/gain on disposals and write-off of property, plant and equipment and investment properties	(279)	330	66	704	113
Gains on early termination of leases	47	6	11	8	6
Net fair value gains on financial assets at fair value through profit or loss	4	–	13	–	53
Others	759	336	(63)	73	(271)
Sub-total	**2,755**	**(2,484)**	**1,726**	**3,359**	**(66)**
Total	**7,563**	**2,269**	**7,015**	**5,928**	**3,274**

Our other income and gains, net decreased significantly from US$7.6 million in 2023 to US$2.3 million in 2024, and increased to US$7.0 million in 2025, which decreased from US$5.9 million in the six months ended June 30, 2025 to US$3.3 million in the six months ended June 30, 2026, primarily due to the fluctuations in net foreign exchange gains or losses.

Selling and administrative expenses

Our selling and administrative expenses mainly comprised employee benefit expenses, legal and professional fees, depreciation and amortization, transportation expenses and travelling and business development expenses. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our selling and administrative expenses represented 25.6%, 23.9%, 24.1%, 23.0% and 24.4% of our total revenue, respectively. The following table sets forth a breakdown of our selling and administrative expenses by nature for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(US$'000, except for percentages)									
							(unaudited)		*(unaudited)*	
Employee benefit expenses	58,569	62.3	57,855	64.8	60,869	66.3	28,898	67.0	28,717	64.9
Legal and professional fees	9,039	9.6	3,460	3.9	3,962	4.3	1,695	3.9	2,691	6.1
Depreciation and amortization	6,557	7.0	6,864	7.7	6,885	7.5	3,696	8.6	3,399	7.7
Transportation expenses	3,651	3.9	4,421	5.0	3,986	4.3	1,603	3.7	1,844	4.2
Travelling and business development expenses	3,483	3.7	3,264	3.7	3,256	3.5	1,638	3.8	1,539	3.5
Repair and maintenance expenses	2,303	2.5	2,491	2.8	2,440	2.7	1,145	2.7	1,293	2.9
Others[(1)]	10,387	11.0	10,909	12.1	10,405	11.4	4,467	10.3	4,764	10.7
Total	**93,989**	**100.0**	**89,264**	**100.0**	**91,803**	**100.0**	**43,142**	**100.0**	**44,247**	**100.0**

Note:

(1) Primarily included utilities, advertising and promotion, other taxes and surcharges and, short term lease expenses.

Our selling and administrative expenses decreased by 5.0% from US$94.0 million in 2023 to US$89.3 million in 2024, primarily attributable to lower employee benefit expenses and legal and professional fees during the year. Our selling and administrative expenses subsequently increased to US$91.8 million in 2025, primarily due to an increase in our employee benefit expenses. Our selling and administrative expenses increased from US$43.1 million in the six months ended June 30, 2025 to US$44.2 million in the six months ended June 30, 2026, primarily due to higher legal and professional fees in connection with our business development and **[REDACTED]** activities.

Research and development expenses

Our research and development expenses mainly comprised employee benefit expenses, raw materials used and changes in inventories and depreciation and amortization. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses represented 3.0%, 2.8%, 3.0%, 2.9% and 3.1% of our total revenue, respectively. The following table sets forth a breakdown of our research and development expenses by nature for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(US$'000, except for percentages)									
							(unaudited)		*(unaudited)*	
Employee benefit expenses	6,673	60.4	6,349	61.1	6,939	60.2	3,411	62.4	3,339	58.8
Raw materials used and changes in inventories	3,257	29.5	2,936	28.3	2,955	25.6	1,357	24.8	1,560	27.5
Depreciation and amortization	945	8.6	901	8.7	1,082	9.4	444	8.1	573	10.1
Others[(1)]	176	1.5	201	1.9	556	4.8	250	4.7	211	3.6
Total	**11,051**	**100.0**	**10,387**	**100.0**	**11,532**	**100.0**	**5,462**	**100.0**	**5,683**	**100.0**

Note:

(1) Primarily included software license fees.

Our research and development expenses decreased by 6.0% from US$11.1 million in 2023 to US$10.4 million in 2024, primarily due to lower employee benefit expenses and raw materials used and changes in inventories during the year. Our research and development expenses subsequently increased by 11.0% to US$11.5 million in 2025, primarily due to higher employee benefit expenses and other expenses, mainly driven by the continued development of our R&D activities.

Finance costs, net

Our finance costs, net mainly comprised dividend of convertible preference shares and unwinding interest on redemption liabilities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our finance costs, net represented 5.1%, 6.3%, 26.3%, 1.7% and 4.5% of our revenue, respectively. The following table sets forth a breakdown of our finance costs, net by nature for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
			(US$'000)	*(unaudited)*	*(unaudited)*
Finance income					
– Interest income on cash at bank and bank deposits	1,524	1,931	1,821	782	506
– Other interest income	568	514	397	191	205
	2,092	2,445	2,218	973	711
Finance costs					
– Dividend of convertible preference shares	(19,500)	(24,887)	(101,131)	(3,600)	–
– Interest expenses of lease liabilities	(537)	(537)	(589)	(304)	(288)
– Interest expense on loans from shareholders	–	–	–	–	(2,054)
– Unwinding interest on redemption liabilities	–	–	–	–	(6,233)
– Other interest expenses	(627)	(478)	(560)	(199)	(385)
Finance costs, net	**(18,572)**	**(23,457)**	**(100,062)**	**(3,130)**	**(8,249)**

Our finance costs, net increased by 26.3% from US$18.6 million in 2023 to US$23.5 million in 2024, and further increased significantly to US$100.1 million in 2025, primarily driven by increases in dividend of convertible preference shares, which constituted the majority of our finance costs during the years.

Our finance costs, net increased from US$3.1 million in the six months ended June 30, 2025 to US$8.2 million in the six months ended June 30, 2026, primarily due to US$6.2 million of unwinding interest on redemption liabilities that we incurred. Under the Buy-back Arrangement, we are obligated to buy back an aggregate of 1,290,000 ordinary shares from Match Jersey. As of June 30, 2026, US$160.0 million of the total consideration of US$280.0 million for the buy-back remained unsettled and was recognized as redemption liabilities. Interest from such redemption liabilities was recognized as unwinding interest on redemption liabilities.

Under the Buy-back Arrangement, we also paid US$90.0 million of Special Dividend to Match Jersey. See "— Key Factors Affecting Our Results of Operations — The Convertible Preference Shares and Buy-back Arrangement."

Income tax expense

We recorded income tax expenses of US$24.0 million, US$27.8 million, US$22.3 million, US$13.0 million and US$11.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, primarily attributable to changes in our taxable income and movements in deferred tax during the Track Record Period. The increase in income tax expenses from 2023 to 2024 was mainly due to higher taxable income, while the decrease from 2024 to 2025 was primarily driven by lower taxable income and a reduction in deferred income tax expenses.

Pursuant to the Corporate Income Tax Law of the PRC effective from January 1, 2008, companies in the PRC are subject to income tax of 25% unless preferential rate is applicable. Certain of our subsidiaries were subject to a tax rate of 15% during the Track Record Period as they were eligible for the tax concession granted by the PRC government as high and new technology enterprises, subject to renewal upon expiry. In addition, according to the relevant laws and regulations promulgated by the State Council of the PRC that became effective from 2008 onwards, enterprises engaging in R&D activities were entitled to claim a higher multiple of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deductions**"). As such, certain of our subsidiaries in the PRC were entitled to claim 200% of their research and development expenses as Super Deductions during the Track Record Period.

Our subsidiaries in Korea were subject to corporate income tax rates ranging from 10.0% to 25.0% and our subsidiaries in Hong Kong were subject to a corporate income tax rate of 16.5% during the Track Record Period. One of our subsidiaries in Korea received tax reduction of approximately US$64,000, US$163,000, US$340,000, US$65,000 and US$65,000, in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2026 as compared to six months ended June 30, 2025

Revenue

Our revenue decreased by 3.4% from US$187.9 million in the six months ended June 30, 2025 to US$181.6 million in the six months ended June 30, 2026.

In terms of our revenue by product category:

- Revenue from our HRS sets decreased by 4.2% from US$159.9 million in the six months ended June 30, 2025 to US$153.2 million in the six months ended June 30, 2026, primarily due to (i) lower sales volumes in the electronics and home appliance industry in Greater China and Korea, while sales volumes in the automotive industry in Korea as well as the packaging and other industries in Greater China increased; and (ii) a decline in average selling price across all industries, which was mainly driven by the pricing adjustments we implemented to capture greater market share;

- Revenue from our HRS parts remained relatively stable at US$26.0 million and US$26.2 million, respectively, in the six months ended June 30, 2025 and 2026; and

- Revenue from others remained relatively stable at US$2.0 million and US$2.1 million, respectively, in the six months ended June 30, 2025 and 2026.

In terms of our revenue from HRS sets by the industry of our customers:

- Revenue from the automotive industry remained relatively stable at US$87.9 million and US$88.0 million, respectively, in the six months ended June 30, 2025 and 2026;

- Revenue from the electronics and home appliance industry decreased by 21.4% from US$36.9 million in the six months ended June 30, 2025 to US$29.0 million in the six months ended June 30, 2026, primarily due to lower demand as a result of less new projects being launched in the electronics and home appliance industry in Greater China and Korea in the first half of 2026;

- Revenue from the packaging industry increased by 11.3% from US$14.5 million in the six months ended June 30, 2025 to US$16.1 million in the six months ended June 30, 2026, primarily due to (i) stronger demand from the packaging industry in Greater China; and (ii) our strategic focus on the packaging industry since 2025; and

- Revenue from other industries remained relatively stable at US$20.6 million and US$20.0 million, respectively, in the six months ended June 30, 2025 and 2026.

In terms of our revenue by the location of our customers:

- Revenue from customers in Greater China decreased slightly from US$103.5 million in the six months ended June 30, 2025 to US$101.9 million in the six months ended June 30, 2026, primarily due to lower demand in the electronics and home appliance industry in the first half of 2026;

- Revenue from customers in Korea remained relatively stable at US$29.7 million and US$30.3 million, respectively, in the six months ended June 30, 2025 and 2026;

- Revenue from customers in rest of Asia remained relatively stable at US$20.5 million and US$19.6 million, respectively, in the six months ended June 30, 2025 and 2026;

- Revenue from customers in Europe decreased slightly from US$16.1 million in the six months ended June 30, 2025 to US$14.3 million in the six months ended June 30, 2026, primarily due to the gradual shift of the molding business from Europe to Greater China, which was partially offset by our continuous expansion in the cosmetics market in France;

- Revenue from customers in Japan decreased slightly from US$7.0 million in the six months ended June 30, 2025 to US$5.8 million in the six months ended June 30, 2026, primarily due to a decrease in demand from certain customers as a result of delays of industrial projects; and

- Revenue from customers in other markets decreased slightly from US$11.1 million in the six months ended June 30, 2025 to US$9.7 million in the six months ended June 30, 2026, primarily due to slower economic growth, which resulted in reduced demand for our products.

Cost of sales

Our cost of sales decreased by US$5.3 million, or 6.1%, from US$86.4 million in the six months ended June 30, 2025 to US$81.1 million in the six months ended June 30, 2026, primarily due to decreases in (i) raw materials used and changes in inventories, which generally corresponds to a slight decrease in our revenue; and (ii) subcontracting charges as a result of our acquisition of Magnet Co., Ltd. and Kiwon Superprecision, who were our subcontractors. See "Business — Our Manufacturing Facilities and Processes — Subcontracting."

Gross profit and gross profit margin

Our gross profits remained relatively stable in the six months ended June 30, 2025 and 2026 at US$101.5 million and US$100.4 million, respectively. Our gross profit margin increased from 54.0% in the six months ended June 30, 2025 to 55.3% in the six months ended June 30, 2026, primarily due to the improved operation efficiency at our factories, which helped maintain consistent cost structures despite the gradual decrease in average selling price of our HRS sets throughout the Track Record Period.

Other income and gains, net

Our other net income and gains decreased from US$5.9 million in the six months ended June 30, 2025 to US$3.3 million in the six months ended June 30, 2026, primarily attributable to net foreign exchange losses of US$1.0 million that we recorded in the six months ended June 30, 2026 as compared to net foreign exchange gains of US$2.6 million in the six months ended June 30, 2025.

Selling and administrative expenses

Our selling and administrative expenses increased slightly from US$43.1 million in the six months ended June 30, 2025 to US$44.2 million in the six months ended June 30, 2026, primarily attributable to higher legal and professional fees in connection with our business development and **[REDACTED]** activities.

Research and development expenses

Our research and development expenses increased by 4.0% from US$5.5 million in the six months ended June 30, 2025 to US$5.7 million in the six months ended June 30, 2026, primarily due to increases in the raw materials used and changes in inventories and depreciation and amortization, which were mainly attributable to the commencement of seven new R&D projects at our Suzhou factories.

Finance costs, net

Our finance costs, net increased from US$3.1 million in the six months ended June 30, 2025 to US$8.2 million in the six months ended June 30, 2026, primarily due to an increase in unwinding interest on redemption liabilities of US$6.2 million in connection with the Buy-back Arrangement.

Income tax expense

Our income tax expenses decreased from US$13.0 million in the six months ended June 30, 2025 to US$11.5 million in the six months ended June 30, 2026, primarily due to a decrease in our profit before income tax from US$49.1 million to US$44.8 million.

Profit for the period

We recorded profit for the six months ended June 30, 2025 of US$36.1 million with a net profit margin of 19.2% and profit for the six months ended June 30, 2026 of US$33.4 million with a net profit margin of 18.4%.

2025 as compared to 2024

Revenue

Our revenue increased by 2.1% from US$373.0 million in 2024 to US$380.8 million in 2025.

In terms of our revenue by product category:

- Revenue from our HRS sets increased by 2.7% from US$313.5 million in 2024 to US$321.9 million in 2025, primarily due to an increase in sales in the automotive industry in Greater China, partially offset by a decrease in sales in Korea as a result of declines in the electronics and home appliance as well as automotive industries;

- Revenue from our HRS parts remained relatively stable at US$55.1 million in 2024 and US$54.7 million in 2025; and

- Revenue from others decreased by 4.0% from US$4.5 million in 2024 to US$4.3 million in 2025, primarily due to our strategic focus on our HRS sets.

In terms of our revenue from HRS sets by the industry of our customers:

- Revenue from the automotive industry increased by 4.5% from US$164.6 million in 2024, to US$171.9 million in 2025, primarily due to an increase in sales in Greater China, partially offset by a decrease in sales in Korea and Japan;

- Revenue from the electronics and home appliance industry decreased by 5.2% from US$79.0 million in 2024 to US$74.8 million in 2025, primarily due to a decrease in sales in Korea;

- Revenue from the packaging industry decreased by 3.6% from US$32.6 million in 2024 to US$31.5 million in 2025, primarily due to a decrease in sales in South America and Korea; and

- Revenue from other industries increased by 17.1% from US$37.3 million in 2024 to US$43.7 million in 2025, primarily due to an increase in sales in Greater China and Japan.

In terms of our revenue by the location of our customers:

- Revenue from customers in Greater China increased by 9.6% from US$187.8 million in 2024 to US$205.8 million in 2025, primarily driven by the strong demand from customers in the automotive industry as a result of the continuous expansion of new energy vehicle production;

- Revenue from customers in Korea decreased by 14.6% from US$75.9 million in 2024 to US$64.8 million in 2025, primarily due to a decline in demand from our Korean customers in the electronics and home appliance and automotive industries;

- Revenue from customers in rest of Asia increased by 6.4% from US$39.5 million in 2024 to US$42.0 million in 2025, primarily due to the growth in sales in Indonesia as a result of an optical lens project where we assisted in its overhaul of cold runners to hot runners;

- Revenue from customers in Europe decreased by 3.7% from US$33.0 million in 2024 to US$31.8 million in 2025, primarily due to their gradual shift of the molding business from Europe to Greater China;

- Revenue from customers in Japan decreased by 13.2% from US$15.3 million in 2024 to US$13.3 million in 2025, primarily because there was an increase in demand from Japanese automotive manufacturers in 2024, whereas demand from Japanese customers normalized in 2025; and

- Revenue from customers in other markets remained relatively stable at US$21.5 million and US$23.1 million, respectively, in 2024 and 2025.

Cost of sales

Our cost of sales increased by 2.2% from US$169.9 million in 2024 to US$173.7 million in 2025, primarily due to our business expansion, which was generally in line with the growth in our revenue.

Gross profit and gross profit margin

Our gross profits increased by 2.0% from US$203.1 million in 2024 to US$207.2 million in 2025, primarily due to the steady growth of our business operations while maintaining effective cost control. Our gross profit margin remained stable at 54.4% in 2024 and 2025.

Other income and gains, net

Our other income and gains, net increased from US$2.3 million in 2024 to US$7.0 million in 2025, primarily due to net foreign exchange gains, which were mainly attributable to the appreciation of the Brazilian real, Renminbi and Euro against the U.S. dollar in 2025.

Selling and administrative expenses

Our selling and administrative expenses increased slightly from US$89.3 million in 2024 to US$91.8 million in 2025, primarily attributable to higher employee benefit expenses.

Research and development expenses

Our research and development expenses increased by 11.0% from US$10.4 million in 2024 to US$11.5 million in 2025, primarily due to (i) higher employee benefit expenses, depreciation and amortization expenses as well as research and development investment associated with our expansion into new industry segments; and (ii) an increase in the number of research and development projects.

Finance costs, net

Our finance costs, net increased significantly from US$23.5 million in 2024 to US$100.1 million in 2025, primarily due to a substantial increase in dividend expenses on the Convertible Preference Shares.

Income tax expense

Our income tax expenses decreased from US$27.8 million in 2024 to US$22.3 million in 2025, primarily due to (i) a tax refund received in Korea in 2025; and (ii) the recognition of additional deferred tax assets arising from increased provision for bad debts at our Suzhou factories, which reduced deferred income tax expenses.

Profit/(loss) for the year

We recorded profit for the year of US$44.6 million in 2024 with a net profit margin of 12.0% and loss for the year of US$57.7 million with a net loss margin of 15.2% in 2025.

2024 as compared to 2023

Revenue

Our revenue increased by 1.6% from US$367.3 million in 2023 to US$373.0 million in 2024.

In terms of our revenue by product category:

- Revenue from our HRS sets increased by 1.7% from US$308.1 million in 2023 to US$313.5 million in 2024, primarily due to an increase in sales in the automotive industry in Greater China;

- Revenue from our HRS parts increased by 1.6% from US$54.2 million in 2023 to US$55.1 million in 2024, primarily due to an increase in demand in Southeast Asia; and

- Revenue from our others decreased by 9.4% from US$4.9 million in 2023 to US$4.5 million in 2024, primarily due to our strategic focus on our HRS sets.

In terms of our revenue from HRS sets by the industry of our customers:

- Revenue from the automotive industry remained relatively stable at US$164.4 million and US$164.6 million, respectively, in 2023 and 2024;

- Revenue from the electronics and home appliance industry remained relatively stable at US$78.5 million and US$79.0 million respectively, in 2023 and 2024;

- Revenue from the packaging industry increased by 8.3% from US$30.1 million in 2023 to US$32.6 million in 2024, primarily due to an increase in sales in Greater China and Southeast Asia; and

- Revenue from other industries increased by 6.3% from US$35.1 million in 2023 to US$37.3 million in 2024, primarily due to an increase in sales in Greater China, partially offset by a decrease in sales in Korea and North America.

In terms of our revenue by the location of our customers:

- Revenue from customers in Greater China increased by 6.8% from US$175.8 million in 2023 to US$187.8 million in 2024, primarily driven by the strong demand from customers in the automotive industry as a result of the continuous expansion of new energy vehicle production;

- Revenue from customers in Korea decreased by 6.0% from US$80.7 million in 2023 to US$75.9 million in 2024, primarily due to a decrease in demand from Korean customers in the electronics and home appliance and automotive industries;

- Revenue from customers in rest of Asia remained relatively stable at US$39.3 million and US$39.5 million, respectively, in 2023 and 2024;

- Revenue from customers in Europe decreased by 8.3% from US$36.0 million in 2023 to US$33.0 million in 2024, primarily due to the shift of the molding business away from Europe to Greater China;

- Revenue from customers in Japan increased by 23.1% from US$12.4 million in 2023 to US$15.3 million in 2024, primarily due to an increase in demand from Japanese automotive manufacturers; and

- Revenue from customers in other markets remained relatively stable at US$23.0 million and US$21.5 million, respectively, in 2023 and 2024.

Cost of sales

Our cost of sales remained relatively stable at US$168.7 million and US$169.9 million, respectively, in 2023 and 2024.

Gross profit and gross profit margin

Our gross profit increased by 2.3% from US$198.6 million in 2023 to US$203.1 million in 2024, primarily due to the steady growth of our business operations while maintaining effective cost control. Our gross profit margin remained relatively stable at 54.1% in 2023 to 54.4% in 2024, primarily due to the efficiency improvements in our factories.

Other income and gains, net

Our other income and gains, net decreased from US$7.6 million in 2023 to US$2.3 million in 2024, primarily due to net foreign exchange losses, which were mainly attributable to the depreciation of the Brazilian real, Renminbi and Euro against the U.S. dollar in 2024.

Selling and administrative expenses

Our selling and administrative expenses decreased from US$94.0 million in 2023 to US$89.3 million in 2024, primarily attributable to a decrease in legal and professional fees recognized during the periods.

Research and development expenses

Our research and development expenses decreased by 6.0% from US$11.1 million in 2023 to US$10.4 million in 2024, primarily due to less raw materials used and changes in inventories and reduced employee benefit expenses as a result of reduction in number of employees.

Finance costs, net

Our finance costs, net increased by 26.3% from US$18.6 million in 2023 to US$23.5 million in 2024, primarily due to higher dividend expenses on Convertible Preference Shares.

Income tax expense

Our income tax expenses increased from US$24.0 million in 2023 to US$27.8 million in 2024, primarily due to higher taxable income.

Profit for the year

We recorded profit for the year of US$82.2 million in 2023 with a net profit margin of 22.4% and profit for the year of US$44.6 million in 2024 with a net profit margin of 12.0%.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Current assets and current liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of June 30	As of July 31
	2023	2024	2025	2026	2026
			(US$'000)		
				(unaudited)	*(unaudited)*
Current assets					
Inventories	38,324	41,185	43,410	46,703	46,448
Trade and bills receivables	176,324	182,924	188,995	195,316	198,510
Prepayments, deposits and other receivables	3,769	3,076	2,867	4,511	5,302
Financial assets at fair value through profit or loss	–	–	490	–	–
Current income tax assets	3,355	2,730	2,248	209	177
Short-term bank deposits	2,499	2,953	1,217	3,623	3,837
Cash and cash equivalents	80,726	65,589	147,085	69,852	73,152
Total current assets	**304,997**	**298,457**	**386,312**	**320,214**	**327,426**
Current liabilities					
Trade and bills payables	37,399	40,707	40,980	46,413	46,853
Other payables and accruals	38,240	39,408	129,857	33,428	34,097
Current income tax liabilities	10,421	10,627	9,147	7,457	5,677
Convertible preference shares	217,459	227,802	271,668	–	–
Redemption liabilities	–	–	–	157,901	158,947
Contract liabilities	1,187	1,867	2,411	2,276	2,438
Loans from related parties	899	899	834	228	739
Bank and other borrowings	1,385	6,533	20,988	4,274	339
Lease liabilities	2,542	2,918	2,996	3,244	3,200
Total current liabilities	**309,532**	**330,761**	**478,881**	**255,221**	**252,290**
Net current (liabilities)/assets	**(4,535)**	**(32,304)**	**(92,569)**	**64,993**	**75,136**

Our net current liabilities increased from US$4.5 million as of December 31, 2023 to US$32.3 million as of December 31, 2024, primarily due to an increase in our total current liabilities increased from US$309.5 million as of December 31, 2023 to US$330.8 million as of December 31, 2024, mainly driven by increases in bank and other borrowings from US$1.4 million to US$6.5 million and convertible preference shares from US$217.5 million to US$227.8 million. At the same time, our total current assets decreased from US$305.0 million as of December 31, 2023 to US$298.5 million as of December 31, 2024, mainly driven by a reduction in cash and cash equivalents from US$80.7 million to US$65.6 million, partially offset by increases in inventories from US$38.3 million to US$41.2 million and trade and bills receivables from US$176.3 million to US$182.9 million.

Our net current liabilities increased from US$32.3 million as of December 31, 2024 to US$92.6 million as of December 31, 2025, primarily due to an increase in total current liabilities from US$330.8 million as of December 31, 2024 to US$478.9 million as of December 31, 2025, mainly driven by the increase in convertible preference shares from US$227.8 million to US$271.7 million, bank and other borrowings from US$6.5 million to US$21.0 million and other payables and accruals from US$39.4 million to US$129.9 million. At the same time, our total current assets also increased from US$298.5 million as of December 31, 2024 to US$386.3 million as of December 31, 2025, primarily due to increases in trade and bills receivables from US$182.9 million to US$189.0 million, cash and cash equivalents from US$65.6 million to US$147.1 million and inventories from US$41.2 million to US$43.4 million.

We recorded net current assets of US$65.0 million as of June 30, 2026 in comparison to the net current liabilities of US$92.6 million that we recorded as of December 31, 2025, primarily due to a decreased total current liabilities from US$478.9 million to US$255.2 million, mainly driven by a decrease in other payables and accruals from US$129.9 million to US$33.4 million and convertible preference shares from US$271.7 million to nil, partially offset by the redemption liabilities of US$157.9 million. At the same time, current assets decreased from US$386.3 million as of December 31, 2025 to US$320.2 million as of June 30 2026, primarily due to a decrease in cash and cash equivalents from US$147.1 million to US$69.9 million, partially offset by an increase in trade and bills receivables from US$189.0 million as of December 31, 2025 to US$195.3 million as of June 30, 2026.

Our net current assets increased from US$65.0 million as of June 30, 2026 to US$75.1 million as of July 31, 2026, primarily due to (i) an increase in total current assets from US$320.2 million to US$327.4 million, mainly driven by an increase in trade and bills receivable from US$195.3 million to US$198.5 million; and (ii) a decrease in current liabilities from US$255.2 million to US$252.3 million, mainly driven by a decrease in bank and other borrowings from US$4.3 million as of June 30, 2026 to US$0.3 million as of July 31, 2026.

Inventories

Our inventories comprised raw materials, work in progress and finished goods. The following table sets forth a breakdown of our inventories by nature as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(US$'000)			*(unaudited)*
Raw materials	26,138	27,746	28,619	30,758
Work-in-progress	7,413	8,805	10,605	12,657
Finished goods	9,408	9,556	8,537	8,152
Provision for impairment of inventories	(4,635)	(4,922)	(4,351)	(4,864)
Total	**38,324**	**41,185**	**43,410**	**46,703**

Our inventories increased from US$38.3 million as of December 31, 2023 to US$41.2 million as of December 31, 2024, then to US$43.4 million as of December 31, 2025, and further to US$46.7 million as of June 30, 2026, primarily attributable to (i) increases in raw materials and work-in-progress inventories driven by continuous increase in customer orders; and (ii) a higher level of in-house manufacturing activities, which resulted in additional inventory being maintained to support production requirements.

Our inventory turnover days, which is calculated by dividing the arithmetic mean of the beginning and closing balance of our inventory (net of provision for impairment) in a given period by the cost of sales in the same period and multiplied by 365 days for a year or 181 days for the six months, was mainly affected by fluctuations in inventory levels and cost of sales. Our inventory turnover days in 2023, 2024, 2025 and the six months ended June 30, 2026 were 85 days, 85 days, 89 days and 101 days, respectively. Our inventory turnover days increased from 85 days in 2023 and 2024 to 89 days in 2025, and further increased to 101 days in the six months ended June 30, 2026, primarily due to (i) the expansion of our in-house production of key components, such as cylinders, for our HRS; (ii) the transitional period associated with the introduction of product design standardization initiatives; and (iii) our maintaining a higher level of spare parts inventory to respond more promptly to customer requests.

As of July 31, 2026, US$13.2 million, or 28.3%, of our inventory as of June 30, 2026 had been subsequently sold or utilized.

Trade and bills receivables

The following table sets forth a breakdown of trade and bill receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(US$'000)			*(unaudited)*
Trade receivables, gross	154,001	162,822	168,791	167,829
Bills receivable measured at FVOCI	10,850	9,341	11,031	20,627
Bills receivable measured at amortized cost	20,818	18,868	17,489	15,785
Subtotal	**185,669**	**191,031**	**197,311**	**204,241**
Loss allowances	(9,345)	(8,107)	(8,316)	(8,925)
Trade and bills receivables	**176,324**	**182,924**	**188,995**	**195,316**

Our trade and bill receivables primarily represented amounts due from customers arising from the sale of goods in the ordinary course of business. Trade receivables are generally non-interest bearing, while bill receivables mainly comprise bank-accepted bills received from customers. Both trade and bill receivables are typically settled within credit periods granted to customers, which vary depending on customer profile, transaction size and historical relationship. Our trade and bill receivables increased slightly from US$176.3 million as of December 31, 2023 to US$182.9 million as of December 31, 2024, and further to US$189.0 million as of December 31, 2025, primarily attributable to the increases in trade receivables driven by the expansion of our business and growth in our customer orders. Our trade and bill receivables remained relatively stable at US$189.0 million and US$195.3 million, respectively, as of December 31, 2025 and June 30, 2026.

The aging of our gross trade receivables as of December 31, 2023, 2024 and 2025 and June 30, 2026 was influenced by customer payment behavior and settlement cycles. The following table sets forth an aging analysis of our gross trade receivables as of the dates indicated:

	As of December 31,			As of June 30
	2023	2024	2025	2026
	(US$'000)			*(unaudited)*
Within 3 months	89,664	101,168	99,368	92,442
3 months to 6 months	31,793	32,345	34,992	35,841
6 months to 9 months	15,609	14,389	17,934	14,025
9 months to 1 year	7,666	5,422	7,066	10,235
Over 1 year	9,269	9,498	9,431	15,286
Total	**154,001**	**162,822**	**168,791**	**167,829**

Trade and bills receivable turnover days, which is calculated by dividing the arithmetic mean of the opening and closing balance of our trade and bills receivables (net of allowance for credit losses) in a given period by the revenue in the same period and multiplied by 365 days for a year or 181 days for the six months, were mainly attributable to variations in sales growth, credit terms offered to customers and the timing of customer settlements relative to period end. Our trade and bills receivable turnover days in 2023, 2024, 2025 and the six months ended June 30, 2026 were 179 days, 176 days, 178 days and 192 days, respectively. The gradual increase in our trade and bills receivable turnover days was generally in line with our business expansion. During the Track Record Period, our trade and bills receivable turnover days were longer than the credit period that we typically granted to our customers, which was 60 to 120 days, primarily because certain customers issued us bills prior to the due dates of their trade receivables, extending the settlement time of such amounts.

During the Track Record Period, we made proactive efforts to collect trade receivables from our customers, including (i) closely monitoring the status of our trade receivables; (ii) holding periodic meetings to discuss the status of our outstanding trade receivables; (iii) timely communicating with and reminding our customers of payments through various channels; and (iv) taking legal actions when necessary to recover outstanding trade receivables.

As of July 31, 2026, US$58.3 million, or 34.7%, of our trade receivables as of June 30, 2026 had been subsequently settled.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables primarily comprised prepayments for materials and expenses made in the ordinary course of business, as well as other miscellaneous receivables. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(US$,000)			*(unaudited)*
Other receivables, gross	2,186	1,171	911	1,612
Loss allowances	(446)	(360)	(85)	(79)
Other receivables, net	**1,740**	**811**	**826**	**1,533**
Deposits	5,458	3,227	3,239	3,437
Other tax and surcharge recoverable	542	688	481	827
Prepayments				
– Property, plant and equipment	29	1,300	1,027	704
– Insurance	167	161	191	217
– Others	1,058	1,265	1,191	1,750
Prepayments, deposits and other receivables	**8,994**	**7,452**	**6,955**	**8,468**
Non-current portion	(5,225)	(4,376)	(4,088)	(3,957)
Total	**3,769**	**3,076**	**2,867**	**4,511**

Our prepayments, deposits and other receivables decreased from US$3.8 million as of December 31, 2023 to US$3.1 million as of December 31, 2024, primarily attributable to a reduction in deposits and a decrease in other receivables, net due to the refund of deposit in relation to a new factory, partially offset by an increase in prepayments due to an increase in prepayments for property, plant and equipment in connection with capital expenditure projects. In addition, the non-current portion decreased from US$5.2 million to US$4.4 million, mainly reflecting the utilization or reclassification of certain long-term deposits in 2024.

Our prepayments, deposits and other receivables further decreased to US$2.9 million as of December 31, 2025, primarily attributable to lower prepayments for property, plant and equipment, following the completion or progression of certain capital expenditure projects. In addition, the non-current portion further decreased from US$4.4 million to US$4.1 million, reflecting the continued utilization or settlement of long-term deposits and other non-current prepayments.

Our prepayments, deposits and other receivables then increased to US$4.5 million as of June 30, 2026, primarily attributable to an increase in prepayment for the material we purchased.

Trade and bills payables

Our trade and bills payables primarily represented amounts payable to suppliers for the purchase of raw materials, components and services in the ordinary course of business. Trade payables are generally settled in accordance with credit terms agreed with suppliers, while bill payables mainly comprise bank-accepted bills issued to suppliers as an alternative settlement method.

Our trade and bills payables increased from US$37.4 million as of December 31, 2023 to US$40.7 million as of December 31, 2024, primarily due to an increase in the amount of our procurement, which generally corresponded to our business expansion. Our trade and bills payables remained relatively stable at US$40.7 million and US$41.0 million, respectively, as of December 31, 2024 and 2025.

Our trade and bills payables increased from US$41.0 million as of December 31, 2025 to US$46.4 million as of June 30, 2026, primarily due to an increase in our use of bills as part of our enhanced working capital management strategy, which effectively extended our settlement time.

Our trade and bills payables turnover days, which is calculated by dividing the arithmetic mean of the opening and closing balance of our trade and bills payables in a given period by the cost of sales in the same period and multiplied by 365 days for a year or 181 days for the six months, was mainly affected by fluctuations in settlement cycles and the timing of payments to counterparties. Our trade and bills payable turnover days in 2023, 2024, 2025 and the six months ended June 30, 2026 was 80 days, 84 days, 86 days and 97 days, respectively. Our trade and bills payable turnover days increased from 86 days in 2025 to 97 days in the six months ended June 30, 2026, primarily due to a decrease in our cost of sales as a result of our acquisition of Magnet Co., Ltd. and Kiwon Superprecision, who were our subcontractors.

As of July 31, 2026, US$17.3 million, or 42.4%, of our trade payables balance as of June 30, 2026 had been subsequently settled.

Other payables and accruals

Our other payables and accruals primarily comprised dividend payable, accrual employment benefits, accrued operating expenses, other tax payables and accrued warranty expenses.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(US$,000)			*(unaudited)*
Accrued employee benefits	23,933	23,116	24,628	19,949
Dividend payable	–	–	90,000	–
Other tax payables	5,077	5,927	5,903	5,265
Accrued operating expenses	6,427	7,373	6,289	5,274
Accrued warranty expenses	2,803	2,992	3,037	2,940
Total	**38,240**	**39,408**	**129,857**	**33,428**

Our other payables and accruals remained relatively stable at US$38.2 million and US$39.4 million, respectively, as of December 31, 2023 and 2024. Our other payables and accruals increased from US$39.4 million as of December 31, 2024 to US$129.9 million as of December 31, 2025, primarily due to dividend payable to Match Jersey. Our other payables and accruals then decreased from US$129.9 million as of December 31, 2025 to US$33.4 million as of June 30, 2026, primarily because in the six months ended June 30, 2026, we settled our dividend payable of US$90.0 million as of December 31, 2025.

Non-current assets and non-current liabilities

The following table sets forth our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(US$,000)			*(unaudited)*
Non-current assets				
Investment properties	1,022	946	1,038	706
Property, plant and equipment	97,882	98,887	106,891	106,133
Right-of-use assets	14,981	14,753	12,996	16,240
Intangible assets	1,226	1,127	718	713
Goodwill	2,016	1,896	2,144	2,079
Deferred income tax assets	3,985	4,317	6,402	6,430
Financial assets at fair value through other comprehensive income	2,192	1,725	3,638	6,081
Employee benefit plan asset	2,303	329	282	1,154
Prepayments and deposits	5,225	4,376	4,088	3,957
Long-term bank deposits	189	178	1,799	210
Total non-current assets	**131,021**	**128,534**	**139,996**	**143,703**
Non-current liabilities				
Bank and other borrowings	2,402	2,393	3,104	2,745
Lease liabilities	9,981	9,655	7,497	9,491
Loans from related parties	6,717	6,016	6,016	126,015
Deferred income tax liabilities	11,741	13,397	12,365	14,744
Employee benefit obligations	2,063	2,102	2,231	2,439
Total non-current liabilities	**32,904**	**33,563**	**31,213**	**155,434**

Property, plant and equipment

Our property, plant and equipment were primarily plant, equipment and buildings that we used for manufacturing and as production facilities. They were stated at historical cost less depreciation and impairment, if any. With the exception of freehold land, all other items of property, plant and equipment are depreciated at rates sufficient to write off their original costs to estimated residual values using the straight-line method over their anticipated useful lives. The principal useful lives are (i) 10 to 50 years for buildings; (ii) 5 to 20 years or over lease terms, whichever is shorter, for leasehold improvements; (iii) 3 to 5 years for office furniture and equipment; (iv) 3 to 20 years for plant and equipment; and (v) 3 to 10 years for motor vehicles.

The following table sets out the net carrying value of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(US$'000)			*(unaudited)*
Freehold land	10,977	10,455	10,894	10,161
Buildings	33,049	38,626	38,118	36,832
Leasehold improvements	1,566	2,032	4,740	5,223
Office furniture and equipment	5,258	5,633	5,415	5,368
Plant and equipment	35,923	35,399	41,787	45,254
Motor vehicles	2,050	2,075	1,659	1,601
Construction-in-progress	9,059	4,667	4,278	1,694
Total	**97,882**	**98,887**	**106,891**	**106,133**

Our property, plant and equipment increased from US$97.9 million as of December 31, 2023 to US$98.9 million as of December 31, 2024, and further increased to US$106.9 million as of December 31, 2025, primarily attributable to the continued capital expenditure incurred for the construction of a new factory in Suzhou and a new factory in the U.S. As these projects progressed, additional property, plant and equipment, including buildings and leasehold improvements, were recorded. Such increase was partially offset by depreciation charges recognized during the year and the transfer of certain construction-in-progress balances upon the completion of specific project stages.

Our property, plant and equipment remained relatively stable as of December 31, 2025 and June 30, 2026 at US$106.9 million and US$106.1 million, respectively.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses and are adjusted for remeasurement of lease liabilities. Depreciation is charged on a straight-line basis over the shorter of the lease term and the estimated useful life of the underlying assets.

Our right-of-use assets remained relatively stable as of December 31, 2023 and 2024 at US$15.0 million and US$14.8 million, respectively.

Our right-of-use assets decreased from US$14.8 million as of December 31, 2024 to US$13.0 million as of December 31, 2025, primarily due to the depreciation charges recognized on existing leases and the termination of certain lease arrangements. The continued decline in the net carrying value of right-of-use assets reflected that depreciation and lease terminations outweighed additions from new leases during the year, resulting in an overall reduction in the carrying amount of our leased assets.

Our right-of-use assets increased to US$16.2 million as of June 30, 2026, primarily due to a new land parcel that we leased in Suzhou.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we have historically funded our cash requirements principally from proceeds from our business operations, capital contributions from shareholders and bank and other borrowings. After the **[REDACTED]**, we intend to finance our future capital requirements through cash generated from our business operations and the **[REDACTED]** from the **[REDACTED]**. We do not anticipate any changes in the availability of financing to fund our operations in the future.

Sufficiency of working capital

Taking into account the financial resources available to us, including cash and cash equivalents, available banking facilities, cash flows from operating activities and **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document.

Although we recorded net current liabilities during the Track Record Period, such position was primarily attributable to the classification of Convertible Preference Shares as current liabilities. Excluding such Convertible Preference Shares liabilities, we would have been in a net current asset position during the Track Record Period. Considering that (i) the Convertible Preference Shares have been converted into ordinary shares and will no longer be recognized as current liabilities; and (ii) we recorded net current assets of US$65.0 million and US$75.1 million, respectively, as of June 30 and July 31, 2026, our Directors believe that our net current liabilities position in 2023, 2024 and 2025 does not adversely affect our liquidity or working capital sufficiency.

Cash flows analysis

The table below sets forth selected cash flow statement information from our consolidated cash flow statements for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
			(US$'000)		
				(unaudited)	*(unaudited)*
Net cash generated from operating activities	**93,067**	**91,122**	**93,450**	**43,435**	**38,571**
Net cash used in investing activities	**(20,172)**	**(18,571)**	**(16,002)**	**(2,877)**	**(4,337)**
Net cash (used in)/generated from financing activities	**(73,485)**	**(84,618)**	**1,681**	**(14,846)**	**(112,678)**
Net (decrease) / increase in cash and cash equivalents	(590)	(12,067)	79,129	25,712	(78,444)
Cash and cash equivalents at beginning of the year/period	82,260	80,726	65,589	65,589	147,085
Effects of exchange differences on cash and cash equivalents	(944)	(3,070)	2,367	4,602	1,211
Cash and cash equivalents at end of the year/period	**80,726**	**65,589**	**147,085**	**95,903**	**69,852**

Net cash flows from operating activities

Net cash flows from operating activities primarily reflected cash flows arising from our core operations, adjusted for non-cash and non-operating items such as depreciation of property, plant and equipment, finance costs, fair value gain or loss of convertible preference shares and other non-cash expenses, as well as changes in working capital, including inventories, trade and bills receivables, prepayment and other receivables and trade and other payables and contract liabilities. Operating cash flows were also affected by income tax payments made during the respective period.

In 2023, we recorded net cash generated from operating activities of US$93.1 million, primarily due to profit before taxation of US$106.2 million, as adjusted for (i) certain non-cash and non-operating items, mainly including finance costs of US$20.2 million and depreciation of property, plant and equipment of US$13.4 million, partially offset by fair value gain of convertible preference shares of US$27.5 million; and (ii) changes in working capital that positively affected the operating cash flows, mainly including a decrease in trade and bills receivables of US$24.4 million, partially offset by a decrease in trade and other payables and contract liabilities of US$24.2 million.

In 2024, we recorded net cash generated from operating activities of US$91.1 million, primarily due to profit before taxation of US$72.4 million, as adjusted for (i) certain non-cash and non-operating items, mainly including finance costs of US$25.9 million, depreciation of property, plant and equipment of US$13.4 million and fair value loss of convertible preference shares of US$8.8 million; and (ii) changes in working capital that negatively affected the operating cash flows, mainly including an increase in inventories of US$6.7 million and an increase in trade and bills receivables of US$16.4 million, partially offset by an increase in trade and other payables and contract liabilities of US$11.1 million.

In 2025, we recorded net cash generated from operating activities of US$93.5 million, primarily due to loss before taxation of US$35.4 million, as adjusted for (i) certain non-cash and non-operating items, mainly including finance costs of US$102.3 million, depreciation of property, plant and equipment of US$13.0 million and fair value loss of convertible preference shares of US$44.4 million; and (ii) changes in working capital that negatively affected the operating cash flows, mainly including an increase in trade and bills receivables of US$4.3 million and a decrease in trade and other payables and contract liabilities of US$2.6 million.

In the six months ended June 30, 2026, we recorded net cash generated from operating activities of US$38.6 million, primarily due to profit before taxation of US$44.8 million, as adjusted for (i) certain non-cash and non-operating items, mainly including finance costs of US$9.0 million and depreciation of property, plant and equipment of US$6.5 million; and (ii) changes in working capital that negatively affected the operating cash flows, mainly including an increase in trade and bills receivables of US$6.2 million and an increase in inventories of US$3.2 million.

Net cash flows used in investing activities

Net cash flows used in investing activities primarily reflected our Group's capital expenditure and investment activities, including cash outflows for the acquisition of property, plant and equipment and intangible assets, as well as placements of bank deposits and investments in financial assets. Investing cash flows were partially offset by proceeds from disposals of property, plant and equipment and other assets, interest received and the maturity of bank deposits.

In 2023, we recorded net cash used in investing activities of US$20.2 million, which was primarily attributable to purchases of property, plant and equipment of US$22.4 million in connection with the expansion of our production capacity and operations.

In 2024, we recorded net cash used in investing activities of US$18.6 million, which was primarily attributable to purchases of property, plant and equipment of US$22.6 million, reflecting our continued investment in capacity expansion and operational enhancement.

In 2025, we recorded net cash used in investing activities of US$16.0 million, which was primarily attributable to purchases of property, plant and equipment of US$18.9 million.

In the six months ended June 30, 2026, we recorded net cash used in investing activities of US$4.3 million, which was primarily attributable to purchases of property, plant and equipment of US$4.0 million.

Net cash flows (used in)/generated from financing activities

Net cash flows from financing activities primarily reflected external financing obtained by our Group to support its operations, capital expenditure and working capital requirements, offset by cash outflows relating to repayments of borrowings, dividend distributions, lease-related payments and interest payments. Financing cash inflows mainly arose from proceeds from bank and other borrowings and, where applicable, capital contributions from shareholders, while financing cash outflows primarily reflected repayments of borrowings, dividends paid, principal portions of lease payments and interest paid during the respective years.

In 2023, we recorded net cash used in financing activities of US$73.5 million, which was primarily attributable to dividend paid to ordinary shareholders of US$45.5 million and dividend paid to convertible preference shares holder of US$19.5 million.

In 2024, we recorded net cash used in financing activities of US$84.6 million, which was primarily attributable to dividend paid to ordinary shareholders of US$58.1 million and dividend paid to convertible preference shares holder of US$24.9 million, partially offset by proceeds from bank and other borrowings of US$16.8 million.

In 2025, we recorded net cash generated from financing activities of US$1.7 million, which was primarily attributable to capital injection from ordinary shareholders of US$30.1 million and proceeds from banks and other borrowings of US$35.7 million, partially offset by repayments of bank and other borrowings of US$19.5 million and dividend paid to ordinary shareholders of US$25.9 million.

In the six months ended June 30, 2026, we recorded net cash used in financing activities of US$112.7 million, which was primarily attributable to dividend paid to convertible preference shares holder of US$90.0 million and repayments of bank and other borrowings of US$19.8 million.

CAPITAL COMMITMENTS

Capital commitments represented capital expenditure contracted for but not recognized as liabilities. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had US$6.8 million, US$3.2 million, US$21.3 million and US$21.5 million of capital commitments, respectively.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
			(US$'000)		
				(unaudited)	*(unaudited)*
Bank and other borrowings – current portion	1,385	6,533	20,988	4,274	339
Bank and other borrowings – non-current portion	2,402	2,393	3,104	2,745	2,730
Sub-total	**3,787**	**8,926**	**24,092**	**7,019**	**3,069**
Lease liabilities – current portion	2,542	2,918	2,996	3,244	3,200
Lease liabilities – non-current portion	9,981	9,655	7,497	9,491	9,523
Sub-total	**12,523**	**12,573**	**10,493**	**12,735**	**12,723**
Loans from related parties – current portion	899	899	834	228	739
Loans from related parties – non-current portion	6,717	6,016	6,016	126,015	125,985
Sub-total	**7,616**	**6,915**	**6,850**	**126,243**	**126,724**
Redemption liabilities	–	–	–	157,901	158,947
Total	**23,926**	**28,414**	**41,435**	**303,898**	**301,463**

Bank and Other Borrowings

Our bank and other borrowings primarily represented (i) bank loans from commercial banks in China, Japan, Portugal, Thailand and France; (ii) other borrowings from an asset sales and leaseback arrangement with a financial institution in Thailand; and (iii) discounted bills. Our bank loans and other borrowings were primarily used as working capital for general corporate purposes.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had bank and other borrowings of US$3.8 million, US$8.9 million, US$24.1 million and US$7.0 million, respectively. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had (i) bank and other borrowings of US$0.6 million, US$1.8 million, US$1.2 million and US$1.0 million, respectively, which were secured by our property, plant and equipment; (ii) unsecured bank and other borrowings of US$3.1 million, US$7.2 million, US$22.1 million and US$6.0 million, respectively; and (iii) discounted bills of US$0.07 million, nil, US$0.8 million and nil, respectively, which were related to transferred receivables and repayable within one year. In 2023, 2024, 2025 and the six months ended June 30, 2026, our bank and other borrowings carried an average interest rate of 2.08%, 1.23%, 1.64% and 2.16%, and our discounted bills carried fixed discount rates ranging from 1.50% to 1.80%, nil, 2.00% and nil, respectively. See Note 25 to the Accountant's Report in Appendix I to this document.

As of July 31, 2026, we had unutilized banking facilities of US$99.2 million.

Our bank loans contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that, as of the Latest Practicable Date, there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank and other borrowings, and there was no default in our payment of bank and other borrowings, or breach of covenants, during the Track Record Period and up to the Latest Practicable Date.

Loans from Related Parties

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had loans from related parties of US$7.6 million, US$6.9 million, US$6.9 million and US$126.2 million, respectively. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had (i) loans from a related party of US$7.1 million, US$6.8 million, US$6.8 million and US$6.2 million, respectively, which were unsecured, interest free and repayable by 2028; (ii) loans from a related party of US$0.1 million, US$0.1 million, US$0.1 million and nil, which were unsecured, interest free and repayable in 2024, 2025, 2026 and 2027, respectively; and (iii) loans from a related party of US$0.5 million, nil, nil and US$9.0 million, respectively, which were unsecured, carried a fixed interest rate of 5% per annum and repayable on February 25, 2029.

To finance the Buy-back Arrangement, we borrowed US$120.0 million of loans from two related parties. See "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes of Our Company — Share Buy-Back and Exit of Match Jersey in 2026." On September 23, 2026, US$80.0 million of such loans from related parties had been capitalized, and US$40.0 million of such loans from related parties had been fully repaid.

Redemption Liabilities

Under the Buy-back Arrangement, we are obligated to buy back an aggregate of 1,290,000 ordinary shares from Match Jersey. As of June 30, 2026, US$160.0 million of the total consideration for the buy-back remained unsettled and was recognized as redemption liabilities. See "—Key Factors Affecting Our Results of Operations — The Convertible Preference Shares and Buy-back Arrangement" and "—Description of Key Statement of Profit or Loss Items — Finance Costs, Net."

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had redemption liabilities of nil, nil, nil and US$157.9 million, respectively. On September 21, 2026, US$160.0 million of the redemption liabilities had been derecognized after our completion and settlement of the Buy-back Arrangement.

Contingent liabilities

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we did not have any material contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since July 31, 2026 and up to the Latest Practicable Date.

Indebtedness statement

Except as disclosed in the subsection titled "– Indebtedness" in this section, 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. Our Directors confirmed that there had been no material change in our indebtedness since July 31, 2026 and up to the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had transactions with certain related parties. See Note 34(b) to the Accountant's Report included in Appendix I to this document. Our Directors confirm that these transactions were conducted on arm's length basis and entered into in the ordinary course of business and would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

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

	For the year ended/as of December 31,			For the six months ended/as of June 30,
	2023	2024	2025	2026
				(unaudited)
Gross profit margin[(1)] *(%)*	54.1	54.4	54.4	55.3
Adjusted return on assets[(2)(6)] *(%)*	17.0	18.3	16.7	N/A
Adjusted return on equity[(3)(6)(7)] *(%)*	23.9	27.0	30.5	N/A
Current ratio[(4)] *(times)*	1.0	0.9	0.8	1.3
Quick ratio[(5)] *(times)*	0.9	0.8	0.7	1.1

Notes:

(1) Gross profit margin is calculated by dividing our gross profit in a given period by our revenue in the same period and multiplied by 100%.

(2) Adjusted return on assets is calculated based on our adjusted net profit in a given period divided by the ending balance of our total assets in the same period and multiplied by 100%. Adjusted return on assets for the six months ended June 30, 2026 is not included as we believe that it would not be meaningful to compare the ratio in the six months ended June 30, 2026 with the ratio calculated in full financial years ended December 31, 2023, 2024 and 2025.

(3) Adjusted return on equity is calculated based on our adjusted net profit in a given period divided by the ending balance of our adjusted total equity in the same period and multiplied by 100%. Adjusted return on equity for the six months ended June 30, 2026 is not included as we believe that it would not be meaningful to compare the ratio in the six months ended June 30, 2026 with the ratio calculated in full financial years ended December 31, 2023, 2024 and 2025.

(4) Current ratio is calculated by dividing our total current assets by our total current liabilities.

(5) Quick ratio is calculated by dividing our total current assets (excluding inventories) by our total current liabilities.

(6) Adjusted net profit for the period is calculated by adding the fair value change of convertible preference shares and convertible preference share dividends, which were non-recurring and non-operating in nature, to our profit/(loss) for the period.

(7) Adjusted total equity is calculated by adding convertible preference shares, which was non-recurring and non-operating in nature, to total equity.

Gross profit margin

See "— Period to Period Comparison of Results of Operations."

Adjusted return on assets

Our adjusted return on assets slightly increased from 17.0% in 2023 to 18.3% in 2024. Our adjusted return on assets then decreased to 16.7% in 2025, primarily due to an increase in total assets.

Adjusted return on equity

Our adjusted return on equity steadily increased from 23.9% in 2023 to 27.0% in 2024, and then to 30.5% in 2025.

Current ratio

Our current ratio decreased from 1.0 times in 2023 to 0.9 times in 2024, primarily due to an increase in current liabilities, including short-term bank loans and discounted bills. Our current ratio further decreased to 0.8 times in 2025, primarily due to our recognition of US$90.0 million of Special Dividend payable to Match Jersey, which increased our current liabilities as of December 31, 2025. Our current ratio then increased to 1.3 times in the six months ended June 30, 2026, primarily due to our conversion of the Convertible Preference Shares to ordinary shares in the first half of 2026.

Quick ratio

During the Track Record Period, the movement of our quick ratio followed the same trend as that of our current ratio.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not enter into any outstanding off-balance sheet commitments or arrangements.

DIVIDEND

In 2023, 2024 and 2025 and the six months ended June 30, 2026, we declared (i) dividends of US$45.5 million, US$58.1 million, US$25.9 million and nil to our ordinary shareholders; (ii) dividend to non-controlling interests of US$2.8 million, US$2.3 million, US$2.9 million and US$0.7 million; and (iii) dividend to convertible preference shares holder of US$19.5 million, US$24.9 million, US$101.1 million and nil, respectively. Our Group currently does not have a pre-determined dividend payout ratio. We may declare and pay dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as we may deem relevant. We may distribute dividends by way of cash or stock. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws and regulations. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders' meeting.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we had no distributable reserves.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** commissions and other fees incurred in connection with the **[REDACTED]**. We expect to incur **[REDACTED]** of approximately HK$**[REDACTED]**, representing approximately **[REDACTED]** of the **[REDACTED]** from the **[REDACTED]** (based on the mid-point of the indicative **[REDACTED]** and assuming the **[REDACTED]** is not exercised). The **[REDACTED]** we incurred in the Track Record Period and expect to incur would consist of approximately HK$**[REDACTED]** **[REDACTED]** fees and approximately HK$**[REDACTED]** **[REDACTED]** fees (including fees and expenses of legal advisors and the reporting accountant of approximately HK$**[REDACTED]** and other fees and expenses of approximately HK$**[REDACTED]**). Among the total **[REDACTED]** which we expect to incur, approximately HK$**[REDACTED]** will be directly attributable to the **[REDACTED]** of our Shares and deducted from equity upon **[REDACTED]** and the remaining HK$**[REDACTED]** will be expensed. Our Directors do not expect such expenses to materially impact our results of operations in 2026.

FINANCIAL RISK MANAGEMENT

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Our overall risk management strategy seeks to minimize the potential adverse effects on our financial performance. Our risk management is typically carried out by our senior management. See Note 3.1 to the Accountant's Report included in Appendix I to this document and "Risk Factors."

Market Risk

Foreign exchange risk

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars, U.S. dollars, Renminbi and Euro. Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. Currently we do not hedge our foreign currency exposure and manage our foreign currency risk by closely monitoring the movement of the foreign currency rates.

Price risk

Our exposure to price risk arises from investments held by us and classified as at fair value through profit or loss and other comprehensive income. To manage price risk arising from investments, we closely monitor the performance of such investments and assess their relevance to our strategic plans.

Fair value interest rate risk

Our interest rate risk arises from bank and other borrowings as certain bank and other borrowings obtained at fixed rates expose us to fair value interest rate risk.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk mainly arises from bank deposits, cash and cash equivalents, trade and bills receivables, deposits and other receivables and financial assets carried at fair value through other comprehensive income. The carrying amounts of these balances represent our maximum exposure to credit risk in relation to financial assets. See Note 3.1 of the Accountant's Report in Appendix I to this document for the tables showing our exposure to credit risk and expected credit losses for trade and bills receivables and other financial assets at amortized cost and analysis for their movement in the loss allowance account in each period during the Track Record Period.

Liquidity Risk

Prudent liquidity risk management is controlled by maintaining sufficient cash and cash equivalents generated from the operating activities. At the end of each period during the Track Record Period, we held cash and cash equivalents and trade and bills receivables that are expected to readily generate cash inflows to meet our liquidity requirements. See Note 3.1 of the Accountant's Report in Appendix I to this document for the tables showing the remaining contractual maturities at the end of each period during the Track Record Period of our financial liabilities.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial and trading position or prospects since June 30, 2026.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For details of our unaudited **[REDACTED]** adjusted consolidated net tangible assets, see Appendix IIA to this document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

We confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS

See "Business – Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that the net **[REDACTED]** of the **[REDACTED]**, after deducting the estimated **[REDACTED]** commissions and other fees and expenses payable by us in connection with the **[REDACTED]**, will be approximately HK$**[REDACTED]**, at the **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** and assuming 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:

- **[REDACTED]** of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to expand the production capacity at our Suzhou and Dongguan facilities. We expect that our expanded Suzhou facility and new Dongguan facility to shorten our manufacturing lead times, reduce our logistics costs, strengthen our ability to serve customers in high-growth regions and enhance the level of automation and digitalization in our manufacturing processes. In particular:

  (i) **Suzhou facility**. We intend to use approximately HK$**[REDACTED]** to expand our existing Suzhou facility. The annual production capacity of our expanded Suzhou facility is expected to double. We expect to commence construction of our expanded Suzhou facility in 2027 and commence production in 2028; and

  (ii) **Dongguan facility (site II)**. We intend to use approximately HK$**[REDACTED]** to build Dongguan facility (site II) on a land parcel to be acquired near our existing Dongguan factory. The annual production capacity of Dongguan facility (site II) is expected to reach 74,000 units of nozzles and 12,000 units of manifolds. We expect to commence construction in 2028 and commence production in 2029;

- **[REDACTED]** of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to repay 30% of the remaining balance of an outstanding bank loan, which we obtained from a major commercial bank in September 2026 (the "**Loan**") primarily to fund the consideration of the Buy-back Arrangement and repay the outstanding principal amount under an existing shareholder loan. See "Summary — Recent Development and No Material Adverse Change." We intend to apply these proceeds towards repayment within one month following the **[REDACTED]** to reduce our indebtedness and associated finance costs;

- **[REDACTED]** of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to extend our precision thermal control platform into five high-growth application verticals where precise thermal control is a critical determinant of product quality and production economics, or is required by emerging production processes. In particular:

  (i) **Heater blocks.** We intend to use approximately HK$**[REDACTED]** to support the mass production of our metal heater blocks and enhance our process development and quality control capabilities. We plan to (i) hire an advisory expert, an additional design engineer and an additional inspection engineer; and (ii) acquire an additional diffusion bonding machine, a nitrogen/helium vacuum leak detection system and an X-ray inspection system to increase production capacity and improve process consistency and product reliability, supporting further commercial adoption by semiconductor manufacturers;

(ii) **Ultra-precision runnerless molding for contact lenses.** We intend to use approximately HK$**[REDACTED]** to purchase equipment for a pilot production line at our Suzhou facility, supporting process validation and the further commercialization of our contact lens manufacturing solutions. Specifically, we plan to invest in an injection molding production line and an automated contact lens production line;

(iii) **Multi-material co-injection.** We intend to use approximately HK$**[REDACTED]** to develop Flexshot Version 2 and upgrade our TINA ML system, supporting broader adoption of our co-injection systems. We plan to develop Flexshot Version 2 to cover five machine models, including design improvements, software development and validation, and applicable CE conformity assessment and UL certification activities. We also plan to upgrade our TINA ML system to meet the production processes and technical requirements of customers in the packaging and automotive industries;

(iv) **In-mold polyurethane coating.** We intend to use approximately HK$**[REDACTED]** to develop key equipment and build in-house digital-integration capabilities for our in-mold coating systems between 2027 and 2028, supporting the further commercialization of our in-mold coating systems following customer validation and certification;

(v) **Supercritical-fluid foam molding for footwear midsoles.** We intend to use approximately HK$**[REDACTED]** to support the development of hot runner and thermal control solutions and strengthen our process validation and joint development capabilities. We plan to acquire supplementary measurement and process validation instruments, and upgrade the automation and real-time process monitoring capabilities of our existing pilot production facilities; and

(vi) **New facility for high-growth application verticals.** We intend to use approximately HK$**[REDACTED]** to acquire a land parcel adjacent to our Suzhou facility and build a new facility on it dedicated to the five high-growth application verticals mentioned above;

- **[REDACTED]** of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to further consolidate our leadership in HRS and deepen our penetration across our core end markets, including automotive, electronics and home appliances as well as packaging. In particular:

  (i) **Expansion of sales and service teams.** We intend to use approximately HK$**[REDACTED]** to enhance our global sales and customer service capabilities, including (a) the recruitment, training and compensation of additional sales engineers, regional account managers, field service technicians and application support staff; (b) strengthening our market coverage across key geographies, including U.S., India and Europe, and high-growth verticals such as new energy vehicles, precision medical molding and sustainable packaging; and (c) strengthen our Key Account Manager program, including allocating dedicated resources for early-stage customer engagement, cross-selling initiatives across customer sites and vehicle platforms, and structured account planning to deepen our penetration within strategic accounts, facilitate the displacement of incumbent systems and foster long-term lifecycle customer relationships to support recurring revenue streams; and

  (ii) **Marketing and brand building.** We intend to use approximately HK$**[REDACTED]** to enhance our global brand recognition by participating in both international and local exhibitions and hosting application-specific workshops for existing and prospective customers;

- **[REDACTED]** of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for our continuous investment in R&D to advance our core technologies and AI-enabled design. In particular:

  (i) **Design 3D metal printing machinery.** We intend to use approximately HK$**[REDACTED]** to design a proprietary metal additive manufacturing equipment for the production of complex internal channel geometries and conformal thermal-control structures, aiming to reduce development lead times and expand design freedom for next-generation product platforms; and

  (ii) **Accelerate product iteration with AI-related technologies.** We intend to use approximately HK$**[REDACTED]** to (a) integrate machine-learning models into our process development pipeline to enable predictive performance modeling, automated parameter optimization and vision-based quality inspection, accelerating the validation and industrialization of new products; and (b) structure and digitize our historical design assets and engineering knowledge, develop and validate AI-assisted hot runner design tools, recruit AI, data science and software engineering personnel, and acquire the computing resources, software tools and data infrastructure necessary to support these initiatives through our subsidiary in Shenzhen; and

- **[REDACTED]** of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes.

In the event that the **[REDACTED]** is set at the maximum **[REDACTED]**, being HK$**[REDACTED]**, or the minimum **[REDACTED]**, being HK$**[REDACTED]**, of the indicative **[REDACTED]**, the net **[REDACTED]** of the **[REDACTED]** will increase or decrease by approximately HK$**[REDACTED]**, respectively. If the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the indicative **[REDACTED]**, the additional net **[REDACTED]** will be used to repay the outstanding principal amount of the Loan.

If the **[REDACTED]** is exercised in full, the net **[REDACTED]** that we will receive will be approximately HK$**[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the midpoint of the indicative **[REDACTED]**). In the event that the **[REDACTED]** is exercised in full, we intend to apply the additional net **[REDACTED]** to the above purpose in the proportions stated above.

To the extent that the net **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, so long as it is deemed to be in the best interests of our Group, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above proposed **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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[REDACTED]

The following is the text of a report set out on pages [I-[4]] to[I-[90]], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountant's Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers] ***[DRAFT]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YUDO HOLDINGS CO., LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Yudo Holdings Co., Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [I-[4]] to [I-[90]], which comprises the consolidated statements of financial position as at December 31, 2023, 2024 and 2025, the company statements of financial position as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "**Financial Information**"). The historical financial information set out on pages [I-[4]] to [I-[90]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*date*] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Financial Information

The directors of the Company are responsible for the preparation of 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 Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the 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, *Accountant's Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of 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 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 Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2023, 2024 and 2025 and the consolidated financial position of the Group as at December 31, 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2024 and 2025 in accordance with the basis of preparation set out in Note 2.1 to the historical financial information.

Review of stub period financial information

We have reviewed the stub period financial information of the Group which comprises the consolidated statement of financial position as at June 30, 2026, the company statement of financial position as at June 30, 2026, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six months ended June 30, 2025 and 2026 and other explanatory information (the "**Stub Period Financial Information**"). The directors of the Company are responsible for the presentation and preparation of the Stub Period 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 Stub Period Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Financial Information, for the purposes of the accountant's 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 of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-[4]] have been made.

Dividends

We refer to note 11 to the historical financial information which contains information about the dividends paid by Yudo Holdings Co., Limited in respect of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the historical financial information as at December 31, 2023, 2024 and 2025 and June 30, 2026 for the years/period then ended (the "**Track Record Period**") (the "**Historical Financial Information**") which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the year ended December 31, 2023, 2024 and 2025 on which the Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") ("**Underlying Financial Statements**").

The Historical Financial Information are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Revenue	*5*	367,263	373,008	380,816	187,909	181,564
Cost of sales	*7*	(168,674)	(169,917)	(173,664)	(86,419)	(81,139)
Gross profit		198,589	203,091	207,152	101,490	100,425
Other income and gains, net	*6*	7,563	2,269	7,015	5,928	3,274
Selling and administrative expenses	*7*	(93,989)	(89,264)	(91,803)	(43,142)	(44,247)
Research and development expenses	*7*	(11,051)	(10,387)	(11,532)	(5,462)	(5,683)
Net provision for credit loss allowances of trade and other receivables	*3.1(b)*	(3,777)	(1,054)	(1,705)	(670)	(679)
Operating profit		97,335	104,655	109,127	58,144	53,090
Finance income	*9*	2,092	2,445	2,218	973	711
Finance costs	*9*	(20,664)	(25,902)	(102,280)	(4,103)	(8,960)
Finance costs, net	*9*	(18,572)	(23,457)	(100,062)	(3,130)	(8,249)
Fair value gain/(loss) of convertible preference shares	*24*	27,450	(8,831)	(44,446)	(5,883)	–
Profit/(loss) before income tax		106,213	72,367	(35,381)	49,131	44,841
Income tax expense	*10*	(24,036)	(27,750)	(22,330)	(13,023)	(11,483)
Profit/(loss) for the year/period		82,177	44,617	(57,711)	36,108	33,358
Profit/(loss) attributable to:						
– Owners of the Company		78,536	41,688	(61,035)	34,176	32,249
– Non-controlling interests		3,641	2,929	3,324	1,932	1,109
		82,177	44,617	(57,711)	36,108	33,358
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company during the year/period						
Basic (US$ per share)	*12*	26.09	13.85	(20.28)	11.35	8.53
Diluted (US$ per share)	*12*	16.42	13.85	(20.28)	10.15	8.22

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Profit/(loss) for the year/period	82,177	44,617	(57,711)	36,108	33,358
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of foreign operations	(4,050)	(14,067)	7,980	10,895	2,121
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary	–	(29)	67	67	–
Items that may not be subsequently reclassified to profit or loss:					
Fair values gain/(loss) of equity investments at fair value through other comprehensive income, net of tax	184	(153)	1,281	521	2,342
Remeasurements of post-employment benefit obligations *(Note 27)*	(969)	(419)	198	(120)	595
Exchange differences arising from the translation from functional currency to presentation currency of the Company	(99)	421	60	(557)	(921)
Total comprehensive income/(loss) for the year/period	77,243	30,370	(48,125)	46,914	37,495
Total comprehensive income/(loss) for the year/period attributable to:					
– Equity holders of the Company	73,793	27,817	(50,913)	45,146	36,548
– Non-controlling interests	3,450	2,553	2,788	1,768	947
	77,243	30,370	(48,125)	46,914	37,495

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at June 30,
		2023	2024	2025	2026
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000* (unaudited)
Assets					
Non-current assets					
Investment properties	*13*	1,022	946	1,038	706
Property, plant and equipment	*14*	97,882	98,887	106,891	106,133
Right-of-use assets	*15*	14,981	14,753	12,996	16,240
Intangible assets	*16*	1,226	1,127	718	713
Goodwill	*16*	2,016	1,896	2,144	2,079
Deferred income tax assets	*26*	3,985	4,317	6,402	6,430
Equity investments at fair value through other comprehensive income	*21*	2,192	1,725	3,638	6,081
Employee benefit plan asset	*27*	2,303	329	282	1,154
Prepayments and deposits	*20*	5,225	4,376	4,088	3,957
Long-term bank deposits	*22*	189	178	1,799	210
		131,021	128,534	139,996	143,703
Current assets					
Inventories	*19*	38,324	41,185	43,410	46,703
Trade and bills receivables	*20*	176,324	182,924	188,995	195,316
Prepayments, deposits and other receivables	*20*	3,769	3,076	2,867	4,511
Financial assets at fair value through profit or loss	*21*	–	–	490	–
Current income tax assets		3,355	2,730	2,248	209
Short-term bank deposits	*22*	2,499	2,953	1,217	3,623
Cash and cash equivalents	*22*	80,726	65,589	147,085	69,852
		304,997	298,457	386,312	320,214
Total assets		436,018	426,991	526,308	463,917
Equity					
Share capital	*29*	388	388	30,458	182,491
Reserves	*30*	83,910	53,185	(23,420)	(138,554)
		84,298	53,573	7,038	43,937
Non-controlling interests		9,284	9,094	9,176	9,325
Total equity		93,582	62,667	16,214	53,262

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Liabilities					
Non-current liabilities					
Bank and other borrowings	*25*	2,402	2,393	3,104	2,745
Lease liabilities	*15*	9,981	9,655	7,497	9,491
Loans from related parties	*34*	6,717	6,016	6,016	126,015
Deferred income tax liabilities	*26*	11,741	13,397	12,365	14,744
Employee benefit obligations	*27*	2,063	2,102	2,231	2,439
		32,904	33,563	31,213	155,434
Current liabilities					
Trade and bills payables	*23*	37,399	40,707	40,980	46,413
Other payables and accruals	*23*	38,240	39,408	129,857	33,428
Current income tax liabilities		10,421	10,627	9,147	7,457
Convertible preference shares	*24*	217,459	227,802	271,668	–
Redemption liabilities	*28*	–	–	–	157,901
Contract liabilities	*5b*	1,187	1,867	2,411	2,276
Loans from related parties	*34*	899	899	834	228
Bank and other borrowings	*25*	1,385	6,533	20,988	4,274
Lease liabilities	*15*	2,542	2,918	2,996	3,244
		309,532	330,761	478,881	255,221
Total liabilities		342,436	364,324	510,094	410,655
Total equity and liabilities		436,018	426,991	526,308	463,917

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Assets					
Non-current assets					
Interests in subsidiaries	*17*	255,480	262,231	250,283	249,985
Property, plant and equipment		181	116	95	180
Right-of-use assets		128	86	43	21
Loans to a subsidiary		–	547	–	–
Deposits	*20*	6	7	–	–
		255,795	262,987	250,421	250,186
Current assets					
Prepayments, deposits and other receivables	*20*	2,522	70	71	232
Amounts due from subsidiaries		–	49	–	–
Current income tax recoverable		55	31	–	–
Cash and cash equivalents	*22*	17,239	8,297	98,901	13,963
		19,816	8,447	98,972	14,195
Total assets		275,611	271,434	349,393	264,381
Equity					
Share capital	*29*	388	388	30,458	182,491
Reserve	*30*	52,082	39,229	(47,318)	(199,723)
Total equity/(deficit)		52,470	39,617	(16,860)	(17,232)
Liabilities					
Non-current liabilities					
Lease liabilities		90	46	–	–
Employee benefit obligations		120	129	129	128
Loans from related parties	*34*	480	–	–	120,000
		690	175	129	120,128
Current liabilities					
Convertible preference shares	*24*	217,459	227,802	271,668	–
Redemption liabilities	*28*	–	–	–	157,901
Other payables and accruals	*23*	3,949	3,312	93,736	2,062
Lease liabilities		43	45	46	23
Amount due to a subsidiary		1,000	–	192	1,499
Loans from related parties		–	483	482	–
		222,451	231,642	366,124	161,485
Total liabilities		223,141	231,817	366,253	281,613
Total equity and liabilities		275,611	271,434	349,393	264,381

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company				
	Share capital	Reserves (Note 30)	Sub-total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2023	388	56,589	56,977	9,549	66,526
Profit for the year	–	78,536	78,536	3,641	82,177
Other comprehensive income/(loss):					
Exchange differences arising from the translation of foreign operations	–	(3,835)	(3,835)	(215)	(4,050)
Fair value gain of equity investments at fair value through other comprehensive income, net of tax	–	184	184	–	184
Remeasurements of post-employment benefit obligations, net of tax *(Note 27)*	–	(993)	(993)	24	(969)
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	(99)	(99)	–	(99)
Total comprehensive income for the year	–	73,793	73,793	3,450	77,243
Impact of hyperinflation	–	(972)	(972)	(877)	(1,849)
Transactions with owners in their capacity as owners					
Dividends *(Note 11)*	–	(45,500)	(45,500)	–	(45,500)
Dividends for non- controlling interests	–	–	–	(2,838)	(2,838)
	–	(45,500)	(45,500)	(2,838)	(48,338)
Balance at December 31, 2023	388	83,910	84,298	9,284	93,582

	Attributable to the equity holders of the Company				
	Share capital	Reserves (Note 30)	Sub-total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2024	388	83,910	84,298	9,284	93,582
Profit for the year	–	41,688	41,688	2,929	44,617
Other comprehensive income/(loss):					
Exchange differences arising from the translation of foreign operations	–	(13,693)	(13,693)	(374)	(14,067)
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary	–	(29)	(29)	–	(29)
Fair value loss of equity investments at fair value through other comprehensive income, net of tax	–	(153)	(153)	–	(153)
Remeasurements of post-employment benefit obligations, net of tax *(Note 27)*	–	(417)	(417)	(2)	(419)
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	421	421	–	421
Total comprehensive income for the year	–	27,817	27,817	2,553	30,370
Impact of hyperinflation	–	(442)	(442)	(423)	(865)
Transactions with owners in their capacity as owners					
Dividends *(Note 11)*	–	(58,100)	(58,100)	–	(58,100)
Dividends for non- controlling interests	–	–	–	(2,320)	(2,320)
	–	(58,100)	(58,100)	(2,320)	(60,420)
Balance at December 31, 2024	388	53,185	53,573	9,094	62,667

	Attributable to the equity holders of the Company				
	Share capital	Reserves (Note 30)	Sub-total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2025	388	53,185	53,573	9,094	62,667
(Loss)/profit for the year	–	(61,035)	(61,035)	3,324	(57,711)
Other comprehensive income/(loss):					
Exchange differences arising from the translation of foreign operations	–	8,545	8,545	(565)	7,980
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary	–	67	67	–	67
Fair value gain of equity investments at fair value through other comprehensive income, net of tax	–	1,281	1,281	–	1,281
Remeasurements of post-employment benefit obligations, net of tax *(Note 27)*	–	169	169	29	198
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	60	60	–	60
Total comprehensive (loss)/income for the year	–	(50,913)	(50,913)	2,788	(48,125)
Impact of hyperinflation	–	208	208	202	410
Transactions with owners in their capacity as owners					
Dividends *(Note 11)*	–	(25,900)	(25,900)	–	(25,900)
Dividends for non- controlling interests	–	–	–	(2,908)	(2,908)
Capital injection by shareholders *(Note 29)*	30,070	–	30,070	–	30,070
	30,070	(25,900)	4,170	(2,908)	1,262
Balance at December 31, 2025	30,458	(23,420)	7,038	9,176	16,214

	Attributable to the equity holders of the Company				
	Share capital	Reserves (Note 30)	Sub-total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2025	388	53,185	53,573	9,094	62,667
Profit for the period	–	34,176	34,176	1,932	36,108
Other comprehensive income/(loss):					
Exchange differences arising from the translation of foreign operations	–	11,059	11,059	(164)	10,895
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary	–	67	67	–	67
Fair value gain of equity investments at fair value through other comprehensive income, net of tax	–	521	521	–	521
Remeasurements of post-employment benefit obligations, net of tax	–	(120)	(120)	–	(120)
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	(557)	(557)	–	(557)
Total comprehensive income for the period	–	45,146	45,146	1,768	46,914
Impact of hyperinflation	–	404	404	388	792
Transactions with owners in their capacity as owners					
Dividends *(Note 11)*	–	(8,400)	(8,400)	–	(8,400)
Dividends for non- controlling interests	–	–	–	(1,298)	(1,298)
	–	(8,400)	(8,400)	(1,298)	(9,698)
Balance at June 30, 2025 (unaudited)	388	90,335	90,723	9,952	100,675

	Attributable to the equity holders of the Company				
	Share capital	Reserves (Note 30)	Sub-total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2026	30,458	(23,420)	7,038	9,176	16,214
Profit for the period	–	32,249	32,249	1,109	33,358
Other comprehensive income/(loss):					
Exchange differences arising from the translation of foreign operations	–	2,279	2,279	(158)	2,121
Fair value gain of equity investments at fair value through other comprehensive income, net of tax	–	2,342	2,342	–	2,342
Remeasurements of post-employment benefit obligations, net of tax *(Note 27)*	–	599	599	(4)	595
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	(921)	(921)	–	(921)
Total comprehensive income for the period	–	36,548	36,548	947	37,495
Impact of hyperinflation	–	(127)	(127)	(111)	(238)
Transactions with owners in their capacity as owners					
Capital contribution	–	478	478	–	478
Conversion of convertible preference shares to ordinary shares *(Note 24)*	271,668	–	271,668	–	271,668
Recognition of redemption liability *(Note 28)*	–	(271,668)	(271,668)	–	(271,668)
Buy-back of ordinary shares *(Note 28)*	(119,635)	119,635	–	–	–
Dividends for non- controlling interests	–	–	–	(687)	(687)
	152,033	(151,555)	478	(687)	(209)
Balance at June 30, 2026 (unaudited)	182,491	(138,554)	43,937	9,325	53,262

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Cash flows from operating activities						
Net cash generated from operations	*31(a)*	119,440	115,681	120,632	53,366	47,544
Income tax paid		(26,373)	(24,559)	(27,182)	(9,931)	(8,973)
Net cash generated from operating activities		93,067	91,122	93,450	43,435	38,571
Cash flows from investing activities						
Proceeds from disposals of property, plant and equipment	*31(a)*	511	2,527	1,380	824	890
Proceeds from disposal of equity investments at fair value through other comprehensive income		–	–	–	–	217
Acquisition of equity investments at fair value through other comprehensive income		–	–	(267)	(109)	–
Proceeds from disposals of intangible asset		–	28	4	–	–
Purchase of property, plant and equipment		(22,358)	(22,555)	(18,937)	(7,348)	(4,023)
Purchase of intangible assets	*16*	(107)	(535)	(42)	(20)	–
Purchase of land-use rights		–	–	–	–	(928)
Bank deposits matured		172	2,458	2,953	2,953	1,589
Placement of bank deposits		(1,199)	(2,976)	(2,838)	(186)	(2,406)
Acquisition of financial assets at fair value through profit or loss		–	–	(2,214)	–	–
Proceeds from disposal of financial assets at fair value through profit or loss		683	–	1,706	–	512
Acquisition of subsidiaries	*33*	–	–	–	–	(935)
Dividend received from financial assets	*6*	34	37	35	36	36
Interest received	*9*	2,092	2,445	2,218	973	711
Net cash used in investing activities		(20,172)	(18,571)	(16,002)	(2,877)	(4,337)

	Notes	Year ended December 31, 2023	2024	2025	Six months ended June 30, 2025	2026
		US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Cash flows from financing activities						
Capital injection by ordinary shareholders	*29*	–	–	30,070	–	–
Proceed from loans from related parties		–	–	–	–	120,000
Buy-back of ordinary shares	*28*	–	–	–	–	(120,000)
Proceeds from bank and other borrowings		484	16,781	35,674	4,066	2,262
Repayment of bank and other borrowings		(2,260)	(11,286)	(19,536)	(3,524)	(19,805)
Dividend paid to ordinary shareholders	*11*	(45,500)	(58,100)	(25,900)	(8,400)	–
Dividend paid to non-controlling interests		(2,838)	(2,320)	(2,908)	(1,298)	(687)
Dividend paid to convertible preference shares holder		(19,500)	(24,887)	(11,131)	(3,600)	(90,000)
Interest paid		(731)	(1,015)	(1,149)	(503)	(2,727)
Repayment of lease liabilities – principal element	*31(c)*	(3,140)	(3,118)	(3,319)	(1,587)	(1,721)
Repayment to related parties		–	(673)	(120)	–	–
Net cash (used in)/generated from financing activities		(73,485)	(84,618)	1,681	(14,846)	(112,678)
Net (decrease)/increase in cash and cash equivalents		(590)	(12,067)	79,129	25,712	(78,444)
Cash and cash equivalents at beginning of the year/period		82,260	80,726	65,589	65,589	147,085
Effects of exchange differences on cash and cash equivalents		(944)	(3,070)	2,367	4,602	1,211
Cash and cash equivalents at end of the year/period	*22*	80,726	65,589	147,085	95,903	69,852

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Yudo Holdings Co., Limited (the "**Company**") is a limited liability company incorporated in Hong Kong. The address of the Company's registered office and principal place of business is Room B, 15/F, Everwin Centre, 72 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in the manufacturing and trading of hot runner systems in various regions including the People's Republic of China (the "**Chinese Mainland**"), Korea, Europe, South East Asia, North and South America, Japan and other countries.

The ultimate holding company of the Company is Abiman Investment Singapore Pte Limited ("**Abiman Investment**"). The ultimate controlling parties of the Group are Mr. Yu Young Hee, Mr. Yu Sung Jin, Mr. Yu Dong Jin and Ms. Choi Young Hee (together, the "**Yu's family**" or the "**Controlling Shareholders**").

The Historical Financial Information contained in this Accountant's Report does not constitute the Company's statutory annual consolidated financial statements for any of the years ended December 31, 2023, 2024 and 2025. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As the Company is a private company in the years ended December 31, 2023, 2024 and 2025, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants.

The Historical Financial Information have been prepared on a historical cost basis, except for certain financial assets at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss.

The accounting policies applied in the preparation of the Historical Financial Information have been consistently applied to all the years/periods presented, unless otherwise stated.

As at December 31, 2023, 2024 and 2025, the Group had its current liabilities exceeded its current assets by US$4,535,000, US$32,304,000 and US$92,569,000 respectively. The directors of the Company are of the opinion that, with the borrowings obtained by the Group subsequently and the cash generated from operations, the Group will have sufficient working capital to meet its financial liabilities as and when they fall due, and to carry on its business without a significant curtailment of operations of not less than twelve months from the end of the Track Record Period. Accordingly, the Historical Financial Information have been prepared on a going concern basis.

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 35 to this Historical Financial Information

(a) New standards, amendments to standards and interpretations adopted

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

The amendment did not have any material impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

(b) New standards and amendments to existing standards and interpretations published but not yet effective and have not been early adopted by the Group

The following new standards and amendments to existing standards and interpretations issued have been published but not yet effective and have not been early adopted by the Group, are as follows:

		Effective for annual periods beginning on or after
HKFRS 18.	Presentation and Disclosure in Financial Statements	January 1, 2027
HKAS 28 (Amendments)	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures	January 1, 2027
HKFRS 19.	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
HKFRS 19 (Amendments).	HKFRS 19 Subsidiaries without Public Accountability: Disclosures (amendments)	January 1, 2027
HKAS 21 (Amendments)	Translation to a Hyperinflationary Presentation Currency	January 1, 2027
Hong Kong Interpretation 5 (Amendments)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2027
HKFRS 20.	Regulatory Assets and Regulatory Liabilities	January 1, 2029
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Historical Financial Information of the Group. The Group expects to apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the consolidated results or the consolidated financial position of the Group.

2.2 Material accounting policy information

2.2.1 Revenue recognition

The Group recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity, as described below.

Sales of goods

Products of the Group mainly include customized hot runner systems sets and hot runner systems parts. There are some other non-hot-runner systems products relating to injection molding.

Revenue from the sales and distribution of products is recognized when control of the products has transferred, being at the point the products are delivered to the customers' designated places and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been delivered to the location specified by customers, where the risks of obsolescence and losses have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract, net of discounts, returns and sales related taxes, if any. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision.

A trade receivable is recognized when the products are delivered and the customers accept the products, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group also pays sales commission to salesmen, which are treated as acquisition cost to obtain a contract. The Group applies the practical expedient to expense the acquisition cost because the amortization period is normally within one year or less.

2.2.2 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") **or through profit or loss), and**
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or consolidated statements of comprehensive income.

The Group classifies the following financial assets at fair value through profit or loss ("**FVPL**"):

- debt securities that are not held a business model whose objective is achieved by collecting contractual cash flows, or both collecting contractual cash flows and selling financial assets, and
- debt securities that have contractual cash flows that are not solely payments of principal and interest.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**")**.**

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated statement of profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

(ii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in the consolidated statement of profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in the consolidated statements of comprehensive income is reclassified from equity to consolidated statement of profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains or losses are recognized in consolidated statement of profit or loss. Impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

(iii) FVPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the consolidated statement of profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in consolidated statements of comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in the consolidated statement of profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial asset at FVPL are recognized in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.1(b) for further details.

For other financial assets at amortized cost and FVOCI, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.2.3 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at FVPL, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

(b) Subsequent measurement

Financial liabilities at amortized cost

After initial recognition, financial liabilities at amortized cost are measured using the effective interest method.

Gains and losses are recognized in consolidated statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized 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 amortization is included in finance costs in the consolidated statement of profit or loss.

Financial liabilities at FVPL

The Group designated convertible preference shares as financial liabilities at FVPL, see Note 24 for details.

Financial liabilities at FVPL is subsequently measured at fair value. Fair value changes relating to market risk are recognized in consolidated statement of profit or loss, the component of fair value changes relating to the Company's own credit risk is recognized in other comprehensive income. Amounts recorded in other comprehensive income related to own credit risk are not subject to recycling in consolidated statement of profit or loss, but are transferred to retained earnings when realized. The dividend of convertible preference shares is recognized in finance cost and it is measured based on the amount declared by the directors of the Company.

2.2.4 Redemption liabilities

A contract that contains an obligation to repurchase the Company's own equity instruments for cash or other financial assets gives rise to a financial liability recognized at the present value of the redemption amount, even if the Company's obligations to purchase is conditional upon the counterparty exercising a right to redeem. Such redemption obligation is recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with changes to be recognized as finance costs.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimize the potential adverse effects on the financial performance of the Group. Risk management is carried out by the senior management of the Group.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars ("**HK$**"), US$, Chinese Renminbi ("**RMB**") and Euro ("**EURO**"). Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The Group currently does not hedge its foreign currency exposure. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

Except for the recognized assets and liabilities denominated in US$ held by the Group, majority of other commercial transactions, recognized assets and liabilities of the Group's subsidiaries are denominated in their respective functional currencies.

As HK$ is pegged to US$ in Hong Kong, management believes that the exchange rate risk for translations between HK$ and US$ for the recognized assets and liabilities denominated in US$ held by the Company do not have significant impact to the Group as at December 31, 2023, 2024, 2025 and June 30, 2026.

(ii) Price risk

The Group's exposure to price risk arises from investments held by the Group and classified at FVPL and FVOCI.

To manage price risk arising from investments, the performance of such investments are closely monitored, together with an assessment of their relevance to the Group's strategic plans.

As at December 31, 2023, 2024, 2025 and June 30, 2026, management considers that the Group's exposure to price risk is not significant as the related investments is not significant to the Group. No sensitivity analysis is presented.

(iii) Fair value interest rate risk

The Group's interest rate risk arises from bank and other borrowings as certain bank and other borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at December 31, 2023, 2024, 2025 and June 30, 2026, management considered that any reasonable changes in interest rate would not result in a significant impact on the Group's results and financial position, and therefore no sensitivity analysis is presented.

(b) Credit risk

(i) Risk management

The credit risk of the Group mainly arises from bank deposits, cash and cash equivalents, trade and bills receivables, deposits and other receivables and financial asset carried at FVOCI. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

For bank deposits, cash and cash equivalents, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

For trade and bill receivables, the Group has policies in place to ensure that transactions with credit terms are made to counterparties with an appropriate credit history. Management performs ongoing credit evaluations of its counterparties which the credit quality of these counterparties are assessed by taking into account their financial position, past experience and other factors.

For other financial assets, management makes periodic assessment on the recoverability of other financial assets based on historical settlement records and past experiences. In view of the history of cooperation and the sound collection history, management believes that the credit risk inherent in these balances is low.

(ii) Impairment of financial assets

The Group has following types of financial assets that are subject to the expected credit loss model:

- Trade and bills receivables
- Other financial assets at amortized cost
- Cash and cash equivalents

Trade and bills receivables

The Group applies the simplified approach to provide for expected credit losses ("**ECL**") prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade and bills receivables. To measure the expected credit losses, trade and bills receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical default rates and were adjusted to reflect forward-looking information in the macroeconomic environment that may affect the ability of counterparties to settle the receivables. The Group has identified Gross Domestic Product, money supply, and consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and adjusts the historical loss rates based on expected changes in these factors accordingly.

On that basis, the loss allowances as at December 31, 2023, 2024 and 2025 and June 30, 2026 for trade and bills receivables are as follows:

Aging by past due date	0-90 days	91-180 days	181-365 days	Over 365 days	Total
At December 31, 2023					
Gross carrying amount (US$'000)	142,722	20,879	14,225	7,843	185,669
Credit loss allowance (US$'000)	(1,963)	(497)	(1,221)	(5,664)	(9,345)
Net carrying amount (US$'000)	140,759	20,382	13,004	2,179	176,324
Expected loss rate (%)	1.4%	2.4%	8.6%	72.2%	
At December 31, 2024					
Gross carrying amount (US$'000)	151,061	18,972	12,444	8,554	191,031
Credit loss allowance (US$'000)	(997)	(525)	(1,257)	(5,328)	(8,107)
Net carrying amount (US$'000)	150,064	18,447	11,187	3,226	182,924
Expected loss rate (%)	0.7%	2.8%	10.1%	62.3%	
At December 31, 2025					
Gross carrying amount (US$'000)	154,727	22,438	12,795	7,351	197,311
Credit loss allowance (US$'000)	(1,051)	(688)	(1,023)	(5,554)	(8,316)
Net carrying amount (US$'000)	153,676	21,750	11,772	1,797	188,995
Expected loss rate (%)	0.7%	3.1%	8.0%	75.6%	
At June 30, 2026 (unaudited)					
Gross carrying amount (US$'000)	156,756	21,002	17,099	9,384	204,241
Credit loss allowance (US$'000)	(857)	(359)	(1,115)	(6,594)	(8,925)
Net carrying amount (US$'000)	155,899	20,643	15,984	2,790	195,316
Expected loss rate (%)	0.5%	1.7%	6.5%	70.3%	

Impairment losses on trade and bills receivables are presented as net provision for credit loss allowance within operating profit. Subsequent recoveries of the amounts previously written off are credited against the same line item.

The loss allowances for trade and bills receivables as at the end of reporting period reconcile to the opening loss allowances as follows:

	Trade and bills receivables				
	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Opening loss allowance as at January 1,	8,855	9,345	8,107	8,107	8,316
Increase in loss allowance charged to profit or loss	3,506	1,118	2,018	718	727
Receivables written off as uncollectible.	(3,043)	(1,727)	(2,191)	(30)	(9)
Exchange differences	27	(629)	382	704	(109)
At December 31,/June 30,	9,345	8,107	8,316	9,499	8,925

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Other financial assets at amortized cost

For other financial assets at amortized cost, it is measured as either 12-months expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Other financial assets that are not credit-impaired on initial recognition are classified in 'Stage 1' and the expected credit losses are measured as 12-months expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to 'Stage 2' but is not yet deemed to be credit – impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to 'Stage 3' and the expected credit loss is measured as lifetime expected credit loss.

Expected credit losses are estimated based on the background and reputation of the counterparties, historical settlement records, past experience adjusted for the factors that are specific to the counterparties and general economic condition. As at December 31, 2023, 2024, 2025 and June 30, 2026, the balances of loss allowances in respect of other financial assets were approximately US$446,000, US$360,000, US$85,000 and US$79,000, respectively.

During the year ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026, the following expense/(income) was recognized in profit or loss in relation to impaired financial assets:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Impairment losses					
Net provision for credit loss allowances of trade and bill receivables.	3,506	1,118	2,018	718	727
Net provision/(reversal) for credit loss allowances of other financial assets at amortized cost.	271	(64)	(313)	(48)	(48)
Net provision for credit loss allowances of trade and other receivables	3,777	1,054	1,705	670	679

(c) Liquidity risk

Prudent liquidity risk management is controlled by maintaining sufficient cash and cash equivalents generated from the operating activities. At the end of each reporting period, the Group held cash and cash equivalents and trade and bills receivables that are expected to readily generate cash inflows to meet the Group's liquidity requirements.

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At December 31, 2023						
Trade and bills payables	37,399	–	–	–	37,399	37,399
Other payables and accruals	6,427	–	–	–	6,427	6,427
Loans from related parties	899	221	6,496	–	7,616	7,616
Bank and other borrowings	1,416	942	1,431	97	3,886	3,787
Lease liabilities	2,824	2,297	5,129	3,455	13,705	12,523
	48,965	3,460	13,056	3,552	69,033	67,752
At December 31, 2024						
Trade and bills payables	40,707	–	–	–	40,707	40,707
Other payables and accruals	7,373	–	–	–	7,373	7,373
Loans from related parties	899	–	6,016	–	6,915	6,915
Bank and other borrowings	6,664	923	1,541	74	9,202	8,926
Lease liabilities	3,448	3,095	5,771	2,750	15,064	12,573
	59,091	4,018	13,328	2,824	79,261	76,494
At December 31, 2025						
Trade and bills payables	40,980	–	–	–	40,980	40,980
Other payables and accruals	96,289	–	–	–	96,289	96,289
Loans from related parties	834	–	6,016	–	6,850	6,850
Bank and other borrowings	21,244	2,673	479	61	24,457	24,092
Lease liabilities	3,244	2,512	3,549	2,238	11,543	10,493
	162,591	5,185	10,044	2,299	180,119	178,704
At June 30, 2026 (unaudited)						
Trade and bills payables	46,413	–	–	–	46,413	46,413
Other payables and accruals	5,274	–	–	–	5,274	5,274
Loans from related parties	228	6,016	129,960	–	136,204	126,243
Bank and other borrowings	4,581	2,421	340	52	7,394	7,019
Redemption liabilities	160,000	–	–	–	160,000	157,901
Lease liabilities	3,450	2,719	4,310	2,602	13,081	12,735
	219,946	11,156	134,610	2,654	368,366	355,585

Details of the contractual rights and obligations of the convertible preference shares are set out in Note 24.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to enhance equity holders' value in long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Management considers that the Group's capital risk is low.

3.3 Fair value estimation

Financial assets and liabilities

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the Historical Financial Information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
At December 31, 2023				
Financial assets				
Bills receivables at FVOCI	–	10,850	–	10,850
Equity investments at FVOCI	1,970	–	222	2,192
	1,970	10,850	222	13,042
Financial liability				
Financial liability at FVPL – Convertible preference shares	–	–	(217,459)	(217,459)
At December 31, 2024				
Financial assets				
Bills receivables at FVOCI	–	9,341	–	9,341
Equity investments at FVOCI	1,530	–	195	1,725
	1,530	9,341	195	11,066
Financial liability				
Financial liability at FVPL – Convertible preference shares	–	–	(227,802)	(227,802)

	Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
At December 31, 2025				
Financial assets				
Bills receivables at FVOCI	–	11,031	–	11,031
Equity investments at FVOCI	3,273	–	365	3,638
Financial assets at FVPL	–	–	490	490
	3,273	11,031	855	15,159
Financial liability				
Financial liability at FVPL – Convertible preference shares	–	–	(271,668)	(271,668)
At June 30, 2026 (unaudited)				
Financial assets				
Bills receivables at FVOCI	–	20,627	–	20,627
Equity investments at FVOCI	5,958	–	123	6,081
	5,958	20,627	123	26,708

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2026.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and convertible preference shares.

(b) Valuation techniques used to determine fair values

There are no changes in valuation techniques during the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2026. The following illustrate the fair value measurement hierarchy of the Group's financial instruments:

(i) Fair value measurements using quoted market prices (level 1)

The fair values of financial assets at FVOCI traded in active liquid markets are determined with reference to quoted market prices.

(ii) Fair value measurements using significant observable inputs (level 2)

The fair values of bills receivables at FVOCI are calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The Group assigns a team to perform the valuations of financial instruments required for financial reporting purposes, including level 3 fair values, with the assistance of external valuation experts, if necessary. This team reports directly to the board of directors.

Specific valuation techniques used to value financial instruments include discounted cash flow analysis and net asset values.

The following table presents the changes in level 3 items for the year ended December 31, 2023, 2024 and 2025 and six months ended June 30 2026:

	Unlisted equity securities	Convertible preference shares	Total
	US$'000	*US$'000*	*US$'000*
At January 1, 2023	225	(245,467)	(245,242)
Changes in fair value recognized in profit or loss	–	27,450	27,450
Exchange differences	(3)	558	555
At December 31, 2023 and January 1, 2024	222	(217,459)	(217,237)
Changes in fair value recognized in profit or loss	–	(8,831)	(8,831)
Exchange differences	(27)	(1,512)	(1,539)
At December 31, 2024 and January 1, 2025	195	(227,802)	(227,607)
Additions	2,288	–	2,288
Changes in fair value recognized in profit or loss	–	(44,446)	(44,446)
Disposals	(1,545)	–	(1,545)
Exchange differences	(83)	580	497
At December 31, 2025	855	(271,668)	(270,813)
At January 1, 2026	855	(271,668)	(270,813)
Convert to ordinary shares *(Note 29)*	–	271,668	271,668
Changes in fair value recognized in profit or loss	37	–	37
Disposal	(727)	–	(727)
Exchange differences	(42)	–	(42)
At June 30, 2026 (unaudited)	123	–	123

The Group has used the discounted cash flow method to determine the underlying share value of the Company and adopted equity allocation model to determine the fair value of the convertible preference shares at the end of each reporting period.

The key assumptions used in the valuation of the convertible preference shares are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(unaudited)
Revenue compound annual growth rate ("**Revenue CAGR**")	8.1%	6.6%	7.3%	N/A
Terminal growth rate	2.0%	2.0%	2.0%	N/A
Weighted average cost of capital ("**WACC**")	14.6%	12.7%	12.1%	N/A
Discount for lack of marketability	20.0%	20.0%	20.0%	N/A
Volatility	41.5%	35.3%	36.0%	N/A

The higher the Revenue CAGR, the higher the fair value. As at December 31, 2023, 2024 and 2025, if the CAGR had been 1.0% higher/lower, with other variables in constant, the fair value of the convertible preference shares would have increased/decreased by US$11,116,000/US$12,059,000, US$27,876,000/US$26,941,000 and US$32,089,000/US$31,011,000, respectively.

The higher the terminal growth rate, the higher the fair value. As at December 31, 2023, 2024 and 2025, if the terminal growth rate had been 1.0% higher/lower, with other variables in constant, the fair value of the convertible preference shares would have increased/decreased by US$7,992,000/US$6,803,000, US$11,049,000/US$9,142,000, US$16,702,000/US$13,661,000, respectively.

The higher the WACC, the lower the fair value. As at December 31, 2023, 2024 and 2025, if the WACC had been 1.0% higher/lower, with other variables in constant, the fair value of the convertible preference shares would have decreased/increased by US$12,950,000/US$15,218,000, US$16,132,000/US$19,499,000, US$22,716,000/US$27,776,000, respectively.

(c) Financial instruments at amortized cost

The carrying amounts of the Group's financial assets measured at amortized costs, including trade and bills receivables, deposits and other receivables, long-term bank deposits, short-term bank deposits and cash and cash equivalents; and the Group's financial liabilities measured at amortized costs, including trade and bills payables, other payables and accruals, bank and other borrowings and loans from related parties approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

Non-financial assets and liabilities

The fair value estimations of investment properties have been disclosed in Note 13(d) to the Historical Financial Information.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Income taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the recognition of income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to temporary differences and tax losses are recognised when management expects it is probable that future taxable profits will be available to utilize against the temporary differences or tax losses. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets in the period in which such estimates have been changed.

Provision for withholding tax on dividend that would be payable upon the distribution of unremitted earnings of the subsidiaries of the Group is subject to management's estimates of the dividend payout of these subsidiaries.

(b) Loss allowances of trade and other receivables

The loss allowances of trade and other receivables are based on assumptions about risk of default, expected loss rates and forward-looking information. The Group uses judgements in making these assumptions and selecting the inputs to the calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details, please refer to Note 3.1(b).

(c) Determination of fair value of convertible preference shares

The Group appointed an independent professional valuer to assess the fair values of the convertible preference shares as at end of reporting periods as the shares are not traded in an active market. In determining the fair value, the management exercised its judgement to select a variety of methods and make assumptions. Details of the fair value measurement and key assumptions and inputs used set out in Note 3.3.

(d) Provision for inventories

The Group recognized the provision for inventories based on an estimate of the realizability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realize. The identification of write-downs requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate is changed.

(e) Estimation of the provisions for social insurance and housing provident fund

Provision for social insurance and housing provident fund by the Chinese Mainland subsidiaries of the Group are recognized based on the best estimates considering the general administrative practice in the Chinese Mainland. Factors that affect the Group's provision include the regulations in place, historical and anticipated claims by employees and legal advices obtained. The estimation basis of this provision is reviewed on an on-going basis and revised where appropriate.

5 SEGMENT REPORTING

For the purpose of internal reporting and management's operation review, the chief operating decision-makers do not segregate the Group's business nor distinguish between markets or segments for the purpose of internal reporting. Hence, the Group has only one operating segment.

(a) Revenue

The Group is principally engaged in the manufacturing and trading of hot runner systems.

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Revenue by major product types:					
– Hot runner systems sets	308,109	313,460	321,886	159,871	153,213
– Hot runner systems parts	54,239	55,096	54,657	26,029	26,244
– Others	4,915	4,452	4,273	2,009	2,107
	367,263	373,008	380,816	187,909	181,564

(b) Contract liabilities

The Group recognized the following revenue-related contract liabilities:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Contract liabilities related to sales of hot runner systems	1,187	1,867	2,411	2,276

Contract liabilities of the Group mainly represent the advanced payments received from customers by the Group while the underlying goods are yet to be delivered.

The following table shows the revenue recognized related to carried forward contract liabilities:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Sales of hot runner systems	3,780	1,187	1,867	1,867	2,411

Due to the short-term nature of the related revenue, all the contract liabilities balance at the year end would be recognized into revenue in the next financial year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(c) Geographical information

Information about the Group's revenue by the locations of our customers is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Greater China	175,826	187,805	205,817	103,546	101,863
Korea	80,730	75,918	64,811	29,687	30,324
Rest of Asia	39,294	39,486	42,011	20,493	19,599
Europe	35,985	33,010	31,788	16,121	14,252
North America	16,143	14,047	15,635	7,828	5,915
Japan	12,414	15,280	13,268	6,981	5,800
South America	5,953	6,405	6,545	2,719	3,128
Rest of the world	918	1,057	941	534	683
	367,263	373,008	380,816	187,909	181,564

Information about the Group's non-current assets (excluding financial assets, deferred tax assets and post-employment benefit assets) which is presented based on geographical location of the assets, is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Greater China	59,122	66,157	70,751	70,792
Korea	26,593	23,906	20,410	23,923
Europe	11,731	6,360	6,825	6,290
South East Asia	9,062	9,852	9,234	7,959
North and South America	5,945	7,714	11,246	11,318
Japan	2,714	3,357	3,341	3,193
Others	1,983	1,616	3,076	3,160
	117,150	118,962	124,883	126,635

(d) Information about major customers

During the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026, no single customer accounted for more than 10% of the Group's revenue.

6 OTHER INCOME AND GAINS, NET

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Other income					
Government grants *(Note)*	875	698	1,232	574	1,070
Value-added tax ("**VAT**") refund	526	643	534	215	163
Rental income	448	502	434	219	226
Sales of scrap materials	2,488	2,463	2,763	1,308	1,801
Management service fee income from related companies	7	25	9	5	10
Dividend income from financial assets *(Note 21)*	34	37	35	36	36
Others	430	385	282	212	34
	4,808	4,753	5,289	2,569	3,340
Other gains/(losses), net					
Net foreign exchange gains/(losses)	2,224	(3,156)	1,699	2,574	(1,005)
Gains on bargain purchase *(Note 33)*	–	–	–	–	1,038
(Losses)/gain on disposals and write-off of property, plant and equipment and investment properties *(Note 31(a))*	(279)	330	66	704	113
Gains on early termination of leases	47	6	11	8	6
Net fair value gains on financial assets at fair value through profit or loss	4	–	13	–	53
Others	759	336	(63)	73	(271)
	2,755	(2,484)	1,726	3,359	(66)
Other income and gains, net	7,563	2,269	7,015	5,928	3,274

Note: During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, government grants of the Group mainly comprise of US$675,000, US$605,000, US$1,123,000, US$459,000 and US$818,000, respectively, received from the Chinese Mainland government and US$200,000, US$93,000, US$109,000, US$115,000 and US$252,000, respectively, received from Singapore, Germany, Turkey and France governments. There are no unfulfilled conditions or other contingencies attached to these grants.

7 EXPENSES BY NATURE

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Raw materials used and changes in inventories	94,870	92,024	99,923	49,627	46,021
Employee benefit expenses *(Note 8)*	98,369	97,347	99,630	48,294	48,688
Subcontracting charges	18,742	20,922	19,072	9,034	6,745
Depreciation of:					
– Investment properties *(Note 13)*	32	35	36	20	17
– Property, plant and equipment *(Note 14)*	13,385	13,370	12,985	6,632	6,459
– Right-of-use assets *(Note 15(b))*	3,644	3,312	3,467	1,726	1,722
Amortization of intangible assets *(Note 16)*	363	507	436	267	89
Transportation expenses	7,906	9,522	8,585	4,126	4,075
Repair and maintenance expenses	4,326	5,248	4,754	2,313	2,551
Utilities	5,275	5,456	5,612	2,550	2,867
Travelling and entertainment expenses	3,517	3,326	3,305	1,664	1,556
Auditors' remuneration	2,626	1,155	1,320	634	655
Legal and professional fees	6,412	2,305	2,642	1,061	2,036
Provision for impairment of inventories *(Note 19)*	509	690	538	447	651
Advertising and promotion	1,323	1,300	1,599	686	687
Other taxes and surcharges	3,573	4,104	4,783	2,311	2,508
Short term lease expenses *(Note 15(b))*	1,598	1,128	901	447	407
Others	7,244	7,817	7,411	3,184	3,335
	273,714	269,568	276,999	135,023	131,069
Represented by:					
Cost of sales	168,674	169,917	173,664	86,419	81,139
Selling and administrative expenses	93,989	89,264	91,803	43,142	44,247
Research and development expenses	11,051	10,387	11,532	5,462	5,683
	273,714	269,568	276,999	135,023	131,069

8 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Wages, salaries and bonuses	81,524	80,801	82,651	40,340	40,076
Welfare and other benefit expenses	5,142	5,801	5,797	2,415	2,737
Pension costs – defined contribution plan	10,646	9,552	9,962	4,914	5,254
Pension costs – defined benefit plan	1,057	1,193	1,220	625	621
	98,369	97,347	99,630	48,294	48,688

(a) Directors' emoluments

Directors' remuneration for the Track Record Period is as follows:

	Fee	Wages and salaries	Discretionary bonuses	Pension costs –defined contribution plans	Other employee benefits	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended December 31, 2023						
Mr. Lee Sang Yeol Tommy	1,000	269	–	6	–	1,275
Mr. Kwon Yohan *(Note i)*	–	209	358	2	5	574
Mr. Yu Sung Jin	–	239	–	12	–	251
Mr. Jun Woo Seok *(Note iii)*	–	–	–	–	–	–
	1,000	717	358	20	5	2,100
Year ended December 31, 2024						
Mr. Lee Sang Yeol Tommy	1,000	229	–	6	–	1,235
Mr. Kwon Yohan *(Note i)*	–	210	457	2	5	674
Mr. Yu Sung Jin	–	241	–	13	–	254
Mr. Jun Woo Seok *(Note iii)*	–	–	–	–	–	–
	1,000	680	457	21	5	2,163
Year ended December 31, 2025						
Mr. Lee Sang Yeol Tommy	1,000	263	–	11	–	1,274
Mr. Kwon Yohan *(Note i)*	–	146	384	2	1	533
Mr. Yu Sung Jin	–	245	–	13		258
Mr. Jun Woo Seok *(Note iii)*	–	–	–	–	–	–
Mr. Yu Dong Jin *(Note ii)*	–	–	–	–	–	–
	1,000	654	384	26	1	2,065
Six months ended June 30, 2025 (unaudited)						
Mr. Lee Sang Yeol Tommy	1,000	130	–	5	–	1,135
Mr. Kwon Yohan *(Note i)*	–	98	197	1	1	297
Mr. Yu Sung Jin	–	–	–	–	–	–
Mr. Jun Woo Seok *(Note iii)*	–	–	–	–	–	–
	1,000	228	197	6	1	1,432
Six months ended June 30, 2026 (unaudited)						
Mr. Lee Sang Yeol Tommy	1,000	134	–	8	–	1,142
Mr. Yu Sung Jin	–	116	–	6	–	122
Mr. Jun Woo Seok *(Note iii)*	–	–	–	–	–	–
Mr. Yu Dong Jin *(Note ii)*	–	–	–	–	–	–
	1,000	250	–	14	–	1,264

Notes:

(i) Mr. Kwon Yohan resigned on September 22, 2025 as a director of the Company. He was subsequently reappointed as a director of the Company on September 25, 2026.

(ii) Mr. Yu Dong Jin was appointed on September 22, 2025 as director of the Company.

(iii) Mr. Jun Woo Seok resigned on February 27, 2026 as a director of the Company.

(b) Five highest paid individuals

2, 2, 2, 2 and 1 of the highest paid individuals were directors of the Company for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Details of the remuneration of the remaining 3, 3, 3, 3 and 4 highest paid individuals for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, who are not directors of the Company, are analyzed below:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Wages, salaries and bonuses	2,085	2,427	2,855	1,438	1,380
Welfare and other benefit expenses	156	120	88	43	47
Pension costs – defined contribution plan	28	71	83	22	51
	2,269	2,618	3,026	1,503	1,478

9 FINANCE COSTS, NET

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Finance income					
– Interest income on cash at bank and bank deposits	1,524	1,931	1,821	782	506
– Other interest income	568	514	397	191	205
	2,092	2,445	2,218	973	711
Finance costs					
– Dividend of convertible preference shares *(Note)*	(19,500)	(24,887)	(101,131)	(3,600)	–
– Interest expenses of lease liabilities *(Note 15(b))*	(537)	(537)	(589)	(304)	(288)
– Interest expense on loans from shareholders	–	–	–	–	(2,054)
– Unwinding interest on redemption liabilities	–	–	–	–	(6,233)
– Other interest expenses	(627)	(478)	(560)	(199)	(385)
	(20,664)	(25,902)	(102,280)	(4,103)	(8,960)
Finance costs, net	(18,572)	(23,457)	(100,062)	(3,130)	(8,249)

Note:

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025, dividends of approximately US$15.12, US$19.30, US$8.60 and US$2.79 per convertible preference share totaling US$19,500,000, US$24,887,000, US$101,131,000 and US$3,600,000, respectively, were declared.

In addition, pursuant to a special resolution of the shareholders and a board resolution dated December 28, 2025, a special dividend of approximately US$69.77 per convertible preference share, totaling US$90,000,000, was declared to the holder of 1,290,000 convertible preference shares. Payment of such special dividend was a condition precedent to the conversion of the 1,290,000 convertible preference shares held by the convertible preference shareholder into 1,290,000 ordinary shares of the Company. The special dividend was paid and the conversion to ordinary shares was completed on January 21, 2026.

10 INCOME TAX EXPENSE

Income tax expense is recognized based on management's best knowledge of the income tax rates expected for the financial year.

(a) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

(b) Corporate income tax in the Chinese Mainland

The corporate income tax has been provided for at applicable tax rates under the relevant regulations of the Chinese Mainland after considering the available preferential tax benefits from refunds and allowances, and on the estimated assessable profit of entities within the Group established in the Chinese Mainland for the year. The general corporate income tax rate is 25.0%. Certain subsidiaries in the Chinese Mainland were able to qualify as High and New Technology Enterprise which are subject to a preferential corporate income tax rate of 15.0% for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026. Certain subsidiaries in the Chinese Mainland were subject to a lower profit tax rate at 5% on taxable income below RMB1,000,000 and 10% on taxable income over RMB1,000,000 but below RMB3,000,000, and thereafter at a fixed rate at 25% for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

According to the relevant laws and regulations promulgated by the State Council of the Chinese Mainland that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim a higher multiple of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super deductions**"). Effective from March 2021, enterprises engaging in research and development activities would be entitled to claim 200% of their research and development expenses as Super deductions.

(c) Korea corporate income tax

Korea corporate income tax has been calculated on the estimated assessable profit for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 at progressive rates from 10.0% to 25.0%.

Under Korean tax law, companies may be entitled to special tax incentives under the Restriction of Special Taxation Act, including credits for research and development and human resources development costs, as well as an integrated investment tax credit for certain qualifying capital investments. In general, research and development and human resources development credits are available for eligible research, development, and training expenditures, while the integrated investment tax credit may apply to investments in qualifying business facilities, machinery, equipment, and certain expansion-related assets used in the business. The availability and amount of these credits depend on factors such as the nature of the expenditure or investment, the type of asset, the size of the company, and the requirements in the relevant tax law and enforcement decrees.

(d) Corporate income tax in other countries

Income tax on profit arising from other jurisdictions, including Europe, South East Asia, North and South America, Japan and other countries, have been calculated on the estimated assessable profit for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 at the respective rates prevailing in the relevant jurisdictions ranging from 17.0% to 35.0%.

(e) Withholding tax

According to applicable tax regulations prevailing in the Chinese Mainland, dividends distributed by a company established in the Chinese Mainland to a foreign investor with respect to profit derived after January 1, 2008 are generally subject to withholding tax at a rate of 10.0%. Under the double taxation arrangement between the Chinese Mainland and Hong Kong, the relevant withholding tax rate applicable will be reduced from 10.0% to 5.0% if the foreign investor is a company incorporated in Hong Kong, subject to the fulfilment of certain conditions.

Dividends distributed from other jurisdictions that the Group's entities operate are also subject to withholding tax at respective applicable tax rates ranging from 5.0% to 30.0%.

The income tax expense of the Group is analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Current income tax					
– Corporate income tax in the Chinese Mainland	10,578	10,571	12,202	6,369	5,708
– Hong Kong profits tax	158	156	182	95	86
– Korea corporate income tax	3,930	5,119	3,222	3,388	1,253
– Corporate income tax in other countries	4,937	4,191	4,164	2,206	1,946
– Withholding tax on dividend declared	5,377	5,967	6,844	1,132	965
Under/(over) provisions in prior years	38	(66)	(585)	(48)	(75)
	25,018	25,938	26,029	13,142	9,883
Deferred income tax *(Note 26)*	(982)	1,812	(3,699)	(119)	1,600
	24,036	27,750	22,330	13,023	11,483

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profits in the respective jurisdictions as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Profit/(loss) before income tax	106,213	72,367	(35,381)	49,131	44,841
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	29,177	23,842	5,814	14,564	13,844
Income not subject to tax	(5,411)	(727)	(1,227)	(587)	(931)
Expenses not deductible for tax purposes	5,711	8,592	25,379	3,504	1,785
Effects of preferential tax rate on assessable profit of certain subsidiaries	(9,684)	(10,545)	(11,563)	(5,555)	(4,752)
Super deductions on research and development expenses in the Chinese Mainland	(1,409)	(1,775)	(1,756)	(732)	(819)
Provision for withholding tax on unremitted earnings	5,122	7,821	5,312	1,600	2,246
Temporary differences for which no deferred income tax was recognized	492	697	976	284	185
Utilisation of previously unrecognized tax losses	–	(89)	(20)	(7)	–
Under/(over) provisions in prior years	38	(66)	(585)	(48)	(75)
	24,036	27,750	22,330	13,023	11,483

11 DIVIDENDS

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025, dividends of approximately US$15.12, US$19.30, US$8.60 and US$2.79, respectively, per ordinary share, totaling US$45,500,000, US$58,100,000, US$25,900,000 and US$8,400,000, respectively, were declared and paid.

12 EARNINGS PER SHARE

(a) Basic

Basic earnings/(loss) per share ("**EPS**") is calculated by dividing the profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding ordinary shares held for share schemes as these shares are not considered outstanding for earnings per share calculation purposes.

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	(unaudited)
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings/(loss) per share(US$'000)	78,536	41,688	(61,035)	34,176	32,249
Weighted average number of ordinary shares in issue (thousand shares)	3,010	3,010	3,010	3,010	3,779
Basic earnings/(loss) per share (expressed in US$ per share)	26.09	13.85	(20.28)	11.35	8.53

(b) Diluted

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from convertible preference shares (collectively forming the denominator for computing the diluted EPS).

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	(unaudited)
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings/(loss) per share (US$'000)	78,536	41,688	(61,035)	34,176	32,249
Adjustment for dividend of convertible preference shares (US$'000)	19,500	–	–	3,600	–
Adjustment for fair value change of convertible preference shares (US$'000)	(27,450)	–	–	5,883	–
Profit attributable to the ordinary equity holders of the Company used in calculating diluted EPS (US$'000)	70,586	41,688	(61,035)	43,659	32,249
Weighted average number of ordinary shares in issue (thousand shares)	3,010	3,010	3,010	3,010	3,779
Adjustment for conversion of convertible preference shares	1,290	–	–	1,290	142
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	4,300	3,010	3,010	4,300	3,921
Diluted earnings/(loss) per share (expressed in US$ per share)	16.42	13.85	(20.28)	10.15	8.22

During the six months ended June 30, 2026, the Group is obliged to buy back 1,290,000 ordinary shares, of which 552,857 ordinary shares were bought back by the Company on February 27, 2026, with further details set out in Note 28. The buy back is not included in the diluted earnings per share because it is antidilutive during the period.

13 INVESTMENT PROPERTIES

	US$'000
At January 1, 2023	
Cost	1,174
Accumulated depreciation	(131)
Net book amount	1,043
Year ended December 31, 2023	
Opening net book amount	1,043
Depreciation *(Note 7)*	(32)
Exchange differences	11
Closing net book amount	1,022
At December 31, 2023	
Cost	1,186
Accumulated depreciation and impairment	(164)
Net book amount	1,022
Year ended December 31, 2024	
Opening net book amount	1,022
Depreciation *(Note 7)*	(35)
Exchange differences	(41)
Closing net book amount	946
At December 31, 2024	
Cost	1,140
Accumulated depreciation and impairment	(194)
Net book amount	946
Year ended December 31, 2025	
Opening net book amount	946
Transfer from property, plant and equipment *(Note 14)*	55
Depreciation *(Note 7)*	(36)
Reversal of impairment	27
Exchange differences	46
Closing net book amount	1,038
At December 31, 2025	
Cost	1,248
Accumulated depreciation and impairment	(210)
Net book amount	1,038

	US$'000
Six months ended June 30, 2026 (unaudited)	
Opening net book amount	1,038
Disposals	(295)
Depreciation *(Note 7)*	(17)
Exchange differences	(20)
Closing net book amount	706
At June 30, 2026 (unaudited)	
Cost	914
Accumulated depreciation and impairment	(208)
Net book amount	706

Notes:

(i) All depreciation expense for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 has been charged to administrative expenses.

(a) Amounts recognized in the consolidated statement of profit or loss for investment properties:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Rental income generated from leases	108	81	98	49	50
Direct operating expenses from properties that generated rental income	(32)	(35)	(22)	(6)	(35)

(b) Contractual obligations

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group has no unprovided contractual obligations for future repairs and maintenance.

(c) Leasing arrangements

The investment properties are leased to tenants with rentals receivables monthly. Lease payments did not include variable lease payments.

In relation to the Group's investment properties, the future aggregate minimum lease receipts under non-cancellable operating leases are receivable as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
No later than one year	72	87	101	99	93
After one year but within two years	66	87	91	95	86
After two years but within three years	66	79	88	88	60
After three years but within four years	59	76	17	59	1
After four years but within five years	68	15	–	–	–
	331	344	297	341	240

(d) Fair value of investment properties

As at December 31, 2023, 2024 and 2025 and June 30, 2026 , the fair value of the Group's investment properties was approximately US$2,314,000, US$2,191,000, US$2,655,000 and US$2,279,000, respectively, as determined by the Group with reference to the valuation performed by independent qualified professional valuers. Valuation was performed using the income approach and taking into account the rental income of the properties derived from the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. The fair value measurement of the investment properties is categorized within level 3 of the fair value hierarchy.

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land[#]	Buildings	Leasehold improvements	Office furniture and equipment	Plant and equipment	Motor vehicles	Construction-in-progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2023								
Cost	10,993	35,521	7,721	30,073	129,761	5,467	7,987	227,523
Accumulated depreciation and impairment	–	(12,739)	(6,130)	(25,225)	(89,065)	(3,585)	–	(136,744)
Net book amount	10,993	22,782	1,591	4,848	40,696	1,882	7,987	90,779
Year ended December 31, 2023								
Opening net book amount	10,993	22,782	1,591	4,848	40,696	1,882	7,987	90,779
Exchange differences	(216)	(47)	(2)	(18)	(553)	(2)	(282)	(1,120)
Depreciation *(Note 7)*	–	(1,270)	(728)	(1,946)	(8,829)	(612)	–	(13,385)
Additions	200	2,255	732	1,343	2,188	923	14,717	22,358
Disposals	–	–	–	(215)	(368)	(115)	(2)	(700)
Write-off	–	(6)	(27)	(24)	(1)	(25)	(7)	(90)
Impact of hyperinflation	–	–	–	(1)	42	(1)	–	40
Transfers	–	9,335	–	1,271	2,748	–	(13,354)	–
Closing net book amount	10,977	33,049	1,566	5,258	35,923	2,050	9,059	97,882
At December 31, 2023								
Cost	10,977	46,953	6,076	30,447	132,325	5,907	9,059	241,744
Accumulated depreciation and impairment	–	(13,904)	(4,510)	(25,189)	(96,402)	(3,857)	–	(143,862)
Net book amount	10,977	33,049	1,566	5,258	35,923	2,050	9,059	97,882

	Freehold land[#]	Buildings	Leasehold improvements	Office furniture and equipment	Plant and equipment	Motor vehicles	Construction-in-progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended December 31, 2024								
Opening net book amount	10,977	33,049	1,566	5,258	35,923	2,050	9,059	97,882
Exchange differences	(1,170)	(1,603)	(54)	(200)	(1,615)	28	(97)	(4,711)
Depreciation *(Note 7)*	–	(1,997)	(740)	(2,531)	(7,428)	(674)	–	(13,370)
Additions	648	619	1,287	2,725	3,527	983	11,495	21,284
Disposals	–	(287)	(25)	(120)	(812)	(300)	(1)	(1,545)
Write-off	–	(573)	(2)	(23)	(42)	(12)	–	(652)
Impact of hyperinflation	–	–	–	(1)	–	–	–	(1)
Transfers	–	9,418	–	525	5,846	–	(15,789)	–
Closing net book amount	10,455	38,626	2,032	5,633	35,399	2,075	4,667	98,887
At December 31, 2024								
Cost	10,455	52,977	6,524	30,790	131,915	5,661	4,667	242,989
Accumulated depreciation and impairment	–	(14,351)	(4,492)	(25,157)	(96,516)	(3,586)	–	(144,102)
Net book amount	10,455	38,626	2,032	5,633	35,399	2,075	4,667	98,887
Year ended December 31, 2025								
Opening net book amount	10,455	38,626	2,032	5,633	35,399	2,075	4,667	98,887
Exchange differences	323	1,106	75	179	1,212	133	38	3,066
Depreciation *(Note 7)*	–	(1,947)	(856)	(2,174)	(7,371)	(637)	–	(12,985)
Additions	–	147	805	1,861	4,740	252	11,405	19,210
Disposals	–	–	(5)	(5)	(983)	(72)	–	(1,065)
Write-off	–	–	–	(171)	(46)	(32)	–	(249)
Liquidation of a subsidiary	–	(38)	–	(61)	(47)	–	–	(146)
Impact of hyperinflation	–	–	–	2	286	(60)	–	228
Transfer to investment property *(Note 13)*	(55)	–	–	–	–	–	–	(55)
Transfers	171	224	2,689	151	8,597	–	(11,832)	–
Closing net book amount	10,894	38,118	4,740	5,415	41,787	1,659	4,278	106,891
At December 31, 2025								
Cost	10,894	54,922	10,208	32,492	145,685	6,023	4,278	264,502
Accumulated depreciation and impairment	–	(16,804)	(5,468)	(27,077)	(103,898)	(4,364)	–	(157,611)
Net book amount	10,894	38,118	4,740	5,415	41,787	1,659	4,278	106,891

	Freehold land[#]	Buildings	Leasehold improvements	Office furniture and equipment	Plant and equipment	Motor vehicles	Construction-in-progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Six months ended June 30, 2026								
Opening net book amount	10,894	38,118	4,740	5,415	41,787	1,659	4,278	106,891
Exchange differences	(627)	74	75	61	399	2	(67)	(83)
Depreciation *(Note 7)*	–	(1,084)	(460)	(1,038)	(3,562)	(315)	–	(6,459)
Additions	–	20	281	786	1,318	270	1,671	4,346
Disposals	(106)	(293)	–	(1)	(321)	(16)	–	(737)
Write-off	–	(3)	(7)	(9)	(3)	–	(18)	(40)
Acquisition of subsidiaries *(Note 33)*	–	–	–	3	2,079	8	94	2,184
Impact of hyperinflation	–	–	–	(3)	41	(7)	–	31
Transfers	–	–	594	154	3,516	–	(4,264)	–
Closing net book amount	10,161	36,832	5,223	5,368	45,254	1,601	1,694	106,133
At June 30, 2026 (unaudited)								
Cost	10,161	54,361	11,311	33,078	155,456	6,142	1,694	272,203
Accumulated depreciation and impairment	–	(17,529)	(6,088)	(27,710)	(110,202)	(4,541)	–	(166,070)
Net book amount	10,161	36,832	5,223	5,368	45,254	1,601	1,694	106,133

Freehold land mainly represented the freehold land owned by the Group in Korea, Japan, USA, Europe and Thailand.

During the year ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026, depreciation of property, plant and equipment are included in the consolidated statement of profit or loss as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Cost of sales	8,879	8,791	8,159	4,110	3,827
Selling and administrative expenses	3,561	3,678	3,743	2,078	2,058
Research and development expenses	945	901	1,083	444	574
	13,385	13,370	12,985	6,632	6,459

As at December 31, 2023, 2024 and 2025 and June 30, 2026, bank and other borrowings of approximately US$616,000, US$1,771,000, US$1,204,000 and US$980,000, respectively, were secured by property, plant and equipment with net book amounts of approximately US$653,000, US$2,195,000, US$1,550,000 and US$1,451,000, respectively (Note 25).

15 LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position includes the following amounts relating to leases:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Right-of-use assets				
Land-use rights	3,794	3,841	3,841	4,794
Buildings	7,342	6,303	5,230	7,291
Motor vehicles	3,724	3,383	2,767	2,967
Equipment	121	1,226	1,158	1,188
	14,981	14,753	12,996	16,240
Lease liabilities				
Current	2,542	2,918	2,996	3,244
Non-current	9,981	9,655	7,497	9,491
	12,523	12,573	10,493	12,735

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 were approximately US$3,670,000, US$3,622,000, US$2,043,000, US$1,434,000 and US$1,991,000, respectively.

(b) Amounts recognized in the consolidated statement of profit or loss

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Depreciation charges on right-of-use assets *(Note 7)*					
Land-use rights	116	148	130	64	69
Buildings	2,055	1,617	1,675	830	858
Motor vehicles	1,441	1,482	1,500	752	717
Equipment	32	65	162	80	78
	3,644	3,312	3,467	1,726	1,722
Interest expense *(Note 9)*	537	537	589	304	288
Expenses relating to short-term leases included in "Cost of sales" and "Selling and administrative expenses" *(Note 7)*	1,598	1,128	901	447	407

The total cash outflow for leases (including short-term lease) for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 were approximately US$5,275,000, US$4,783,000, US$4,809,000, US$2,338,000 and US$2,416,000, respectively.

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, equipment and motor vehicles. Rental contracts are typically made for fixed periods from 3 months to 20 years, but may have extension options as described in (d) below.

(d) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. Majority of the extension options held are exercisable only by the Group.

16 GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Club membership	Technology	Brand name	Intellectual property	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2023							
Cost	1,946	208	960	587	322	955	4,978
Accumulated amortization	–	–	(496)	(76)	(166)	(842)	(1,580)
Net book amount	1,946	208	464	511	156	113	3,398
Year ended December 31, 2023							
Opening net book amount	1,946	208	464	511	156	113	3,398
Exchange differences	70	(3)	13	18	4	(2)	100
Amortization *(Note 7)*	–	–	(195)	(30)	(25)	(113)	(363)
Additions	–	22	–	–	14	71	107
Closing net book amount	2,016	227	282	499	149	69	3,242
At December 31, 2023							
Cost	2,016	227	995	608	342	1,011	5,199
Accumulated amortization	–	–	(713)	(109)	(193)	(942)	(1,957)
Net book amount	2,016	227	282	499	149	69	3,242

	Goodwill	Club membership	Technology	Brand name	Intellectual property	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended December 31, 2024							
Opening net book amount	2,016	227	282	499	149	69	3,242
Exchange differences	(120)	(26)	(13)	(30)	(10)	(20)	(219)
Amortization *(Note 7)*	–	–	(191)	(29)	(22)	(265)	(507)
Additions	–	–	–	–	16	519	535
Disposal	–	(28)	–	–	–	–	(28)
Closing net book amount	1,896	173	78	440	133	303	3,023
At December 31, 2024							
Cost	1,896	175	935	571	330	1,378	5,285
Accumulated amortization and impairment	–	(2)	(857)	(131)	(197)	(1,075)	(2,262)
Net book amount	1,896	173	78	440	133	303	3,023
Year ended December 31, 2025							
Opening net book amount	1,896	173	78	440	133	303	3,023
Exchange differences	248	3	20	56	16	10	353
Amortization *(Note 7)*	–	–	(98)	(30)	(31)	(277)	(436)
Additions	–	–	–	–	7	35	42
Disposal	–	(4)	–	–	–	–	(4)
Liquidation of a subsidiary	–	–	–	–	(116)	–	(116)
Closing net book amount	2,144	172	–	466	9	71	2,862
At December 31, 2025							
Cost	2,144	203	1,051	646	126	1,384	5,554
Accumulated amortization and impairment	–	(31)	(1,051)	(180)	(117)	(1,313)	(2,692)
Net book amount	2,144	172	–	466	9	71	2,862
Six months ended June 30, 2026							
Opening net book amount	2,144	172	–	466	9	71	2,862
Exchange differences	(65)	(11)	–	(14)	(1)	(6)	(97)
Amortization *(Note 7)*	–	–	–	(16)	(2)	(71)	(89)
Additions	–	–	–	–	–	97	97
Disposal	–	–	–	–	–	(12)	(12)
Acquisition of subsidiaries *(Note 33)*	–	–	–	–	–	31	31
Closing net book amount	2,079	161	–	436	6	110	2,792
At June 30, 2026 (unaudited)							
Cost	2,079	192	1,051	632	125	1,494	5,573
Accumulated amortization and impairment	–	(31)	(1,051)	(196)	(119)	(1,384)	(2,781)
Net book amount	2,079	161	–	436	6	110	2,792

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, amortization of intangible assets are included in selling and administrative expenses.

(i) Technology and brand name

The technology and brand name were acquired as part of the acquisition of Runipsys International SAS ("**Runipsys**") during the year ended December 31, 2020. They are recognized at their fair value at the date of acquisition and are subsequently amortized on a straight-line basis on the timing of projected cash flows over their estimated useful lives.

(ii) Impairment test for goodwill

The goodwill mainly arose from the acquisition of Runipsys and its subsidiaries. Goodwill is attributable to the acquired market shares, economies of scale and synergies expected to be derived from combining the resources and operations of the Group following the acquisition.

Management reviews the business performance and monitors goodwill resulted from the acquisition at the level of the entities benefited from the synergies. The Group performed its annual impairment test on goodwill by comparing the recoverable amounts of the Runipsys cash-generating units, including its operation in France and Suzhou ("**Runipsys CGUs").**

The recoverable amount of the Runipsys CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a period of five years.

The significant assumptions were as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(unaudited)
Pre-tax discount rate	20.2%	19.4%	16.5%	15.1%
Revenue compound annual growth rate	7.9%	4.7%	6.9%	6.9%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the CGUs exceeded its carrying amount as at December 31, 2023, 2024 and 2025 and June 30, 2026 by approximately US$1,916,000, US$7,415,000, US$8,309,000 and US$1,023,000, respectively.

The higher the terminal growth rate, the higher the recoverable amount. As at December 31, 2023, 2024 and 2025 and June 30, 2026, if the terminal growth rate had been 1% higher/lower, with other variables in constant, the recoverable amount would have increased/decreased by US$274,000 and US$243,000; US$461,000 and US$410,000; US$571,000 and US$497,000 and US$199,000 and US$170,000, respectively.

The higher the pre-tax discount rate, the lower the recoverable amount. As at December 31, 2023, 2024 and 2025 and June 30, 2026, if the pre-tax discount rate had been 1% higher/lower, with other variables in constant, the recoverable amount would have decreased/increased by US$1,018,000 and US$1,144,000; US$1,036,000 and US$1,166,000; US$956,000 and US$1,123,000 and US$410,000 and US$482,000, respectively.

17 SUBSIDIARIES

As of the date of this report and during the Track Record Period, the Company had direct or indirect interests in the following subsidiaries:

					Attributable equity interest of the Group			
					As at December 31,			As at June 30,
	Name of subsidiaries	Place of incorporation	Particulars of issued share capital	Principal activities	2023	2024	2025	2026
								(unaudited)
1	Abido Electronics Solution Co., Limited	Hong Kong	Share capital of HK$780,000	Investment holding	100%	100%	100%	100%
2	Yudo Global Service Co., Limited	Hong Kong	Share capital of HK$1,000,000	Provision of after-sales services	100%	100%	100%	100%
3	Yudo (Qingdao) Co., Limited	Hong Kong	Share capital of HK$15,600,100	Investment holding	90%	90%	90%	90%
4	Hrstec (International) Limited	Hong Kong	Share capital of HK$1,000,000	Investment holding	100%	100%	100%	100%
5	Yudo THK Co., Limited	Hong Kong	Share capital of HK$100,000	Trading of hot runner system	51%	51%	51%	51%
6	Yudo (Suzhou) Hot Runner Systems Co., Ltd.* 柳道萬和(蘇州)熱流道系統有限公司	The Chinese Mainland	Registered capital of US$53,100,000	Manufacturing and trading of hot runner system	100%	100%	100%	100%
7	Suzhou Hans Precision Mold Parts Co., Ltd.* 蘇州漢斯精密模具配件有限公司	The Chinese Mainland	Registered capital of RMB1,000,000	Manufacturing and trading of hot runner system	100%	100%	100%	100%
8	Shanghai Yudo Wanco Hot Runner Systems Research and Development Co., Ltd.* 上海柳道萬和熱流道系統研發有限公司	The Chinese Mainland	Registered capital of RMB100,000	Research and development in hot runner system	100%	100%	100%	100%
9	Suzhou Y&L Software Co., Ltd.* 蘇州柳淩軟件開發有限公司	The Chinese Mainland	Registered capital of RMB1,000,000	Software development and provision of technical supporting services	70%	70%	70%	70%
10	Yudo (Qingdao) Hot Runner System Co., Ltd.* 柳道(青島)熱流道系統有限公司	The Chinese Mainland	Registered capital of US$8,000,000	Manufacturing and trading of hot runner system	90%	90%	90%	90%
11	Sino Mould Component (Dongguan) Co., Ltd.* 先銳模具配件(東莞)有限公司	The Chinese Mainland	Registered capital of HK$32,150,000	Manufacturing and trading of hot runner system	100%	100%	100%	100%

					Attributable equity interest of the Group			
					As at December 31,			As at June 30,
	Name of subsidiaries	Place of incorporation	Particulars of issued share capital	Principal activities	2023	2024	2025	2026
								(unaudited)
12	Yudo Artificial Intelligence Technology (Shenzhen) Co., Ltd.* 柳道人工智能科技(深圳)有限公司 (Formerly name as HRSTEC (Shenzhen) Ltd.* 熱流道科技(深圳)有限公司)	The Chinese Mainland	Registered capital of HK$1,000,000	Inactive	100%	100%	100%	100%
13	Guangdong Yudo Hot Runner System Co., Ltd.* 廣東柳道熱流道系統有限公司	The Chinese Mainland	Registered capital of RMB17,000,000	Manufacturing and trading of hot runner system	100%	100%	100%	100%
14	ABIDO Automation (Dongguan) Co., Ltd.* 東莞毅比道自動化設備有限公司	The Chinese Mainland	Registered capital of US$100,000	Provision of design services	100%	100%	100%	100%
15	Qingdao Cherry Hot Runner Systems Co., Ltd.* 青島徹麗熱流道系統有限公司	The Chinese Mainland	Registered capital of RMB500,000	Manufacturing and trading of hot runner system	90%	90%	90%	90%
16	Yudo Co., Ltd.	Korea	360,180 ordinary shares at KRW 10,000 each	Manufacturing and trading of hot runner system	100%	100%	100%	100%
17	Yudo Brasil Ltda. ▲	Brazil	100,000 shares of Brazilian Real 1 each	Inactive	96%	0%	0%	0%
18	Jisung Design Co., Ltd.	Korea	30,000 ordinary shares at KRW 10,000 each	Provision of design services of hot runner system	93%	93%	100%	100%
19	Yudo Japan Co., Ltd.	Japan	200 ordinary shares at Japanese Yen 50,000 each	Trading of hot runner system	80%	80%	80%	80%
20	Yudo Asian Pte. Ltd	Singapore	Share capital of SGD3,520,000	Trading of hot runner system	100%	100%	100%	100%
21	Yudo (Thailand) Co., Ltd	Thailand	70,000 shares of Thai Baht 1,000 each	Manufacturing and trading of hot runner system	99.9%	99.9%	99.9%	99.9%
22	Yudo Sdn. Bhd.	Malaysia	Share capital of MYR 1,000,000	Trading of hot runner system	100%	100%	100%	100%
23	Yudo Asian (Malaysia) Sdn. Bhd.#	Malaysia	Share capital of MYR 13,900,000	Inactive	100%	100%	0%	0%
24	Pt Yudo Indonesia	Indonesia	4,587 shares of Indonesian Rupiah 872,200 each	Trading of hot runner system	99.6%	99.98%	99.98%	99.98%

					Attributable equity interest of the Group			
					As at December 31,			As at June 30,
	Name of subsidiaries	Place of incorporation	Particulars of issued share capital	Principal activities	2023	2024	2025	2026
								(unaudited)
25	Yudo Vietnam Co., Ltd.	Vietnam	Paid up capital of US$1,300,000	Manufacturing and trading of hot runner system	100%	100%	100%	100%
26	Yudo Hot Runner India Private Limited	India	220,210 shares of Indian Rupee 10 each	Trading of hot runner system	74%	74%	74%	74%
27	Yudo Suns Private Limited	India	10,000 shares of Indian Rupee 10 each	Inactive	74%	100%	100%	100%
28	Sino Hot Runner India Private Limited	India	10,000 shares of Indian Rupee 10 each	Inactive	74%	74%	74%	74%
29	Yudo EU, S.A.	Portugal	1,186,407 shares of Euro 1 each	Manufacturing and trading of hot runner system	100%	100%	100%	100%
30	Yudo Italy S.R.L.	Italy	20,000 shares of Euro 1 each	Trading of hot runner system	100%	100%	100%	100%
31	Yudo Iberica SL.	Spain	6,500 shares of Euro 20 each	Trading of hot runner system	60%	60%	60%	60%
32	Yudo Germany Gmbh	Germany	25,000 shares of Euro 1 each	Trading of hot runner system	100%	100%	100%	100%
33	Yudo Romania SRL	Romania	500 shares of Romanian Leu 148 each	Trading of hot runner system	100%	100%	100%	100%
34	Yudo Poland Sp. Z O. O.	Poland	1,000 shares of Polish Zloty 100 each	Trading of hot runner system	99.9%	99.9%	99.9%	99.9%
35	Yudo (UK) Limited	United Kingdom	Share capital of GBP 100,000	Trading of hot runner system	100%	100%	100%	100%
36	Yudo France	France	800 shares of Euro 33 each	Trading of hot runner system	100%	100%	100%	100%
37	Yudo Inc.	The United States (the "**US**")	Share capital of US$4,300,000	Trading of hot runner system	100%	100%	100%	100%
38	Yudo Mexico Sa De Cv	Mexico	2,000 shares of Mexican Pesos 1,000 each	Trading of hot runner system	99.95%	99.95%	99.95%	99.95%
39	Yudo SA Fabricacao de Camara Quente Ltda.	Brazil	9,050,000 shares of Brazilian Real 1 each	Manufacturing and trading of hot runner system	99.99%	99.99%	99.99%	99.99%
40	YUDO Sıcak Yolluk Sistemleri San.veTic.Ltd.Sti.	Turkey	Paid up capital of Turkish Lira 300,000	Trading of hot runner system	51%	51%	51%	51%

					Attributable equity interest of the Group			
					As at December 31,			As at June 30,
	Name of subsidiaries	Place of incorporation	Particulars of issued share capital	Principal activities	2023	2024	2025	2026
								(unaudited)
41	Yudo HRS South Africa (Pty) Ltd. . .	South Africa	120 shares of South African Rand 1 each	Trading of hot runner system	100%	100%	100%	100%
42	Yudo Oceania Pty Ltd. .	Australia	Share capital of AUD 20,000	Trading of hot runner system	100%	100%	100%	100%
43	Yudo Kam Global, Unipessoal Limitada.	Portugal	10,000 shares of Euro 1 each	Provision of consultancy service	100%	100%	100%	100%
44	Runipsys International SAS.	France	237,770 shares of Euro 10 each	Investment holding	100%	100%	100%	100%
45	Runipsys Europe SAS @.	France	4,970,030 shares of Euro 1 each	Manufacturing and trading of hot runner system	100%	100%	100%	100%
46	Runipsys North America Inc.# . . .	Canada	Share capital of CAD300,100	Trading of hot runner system	100%	100%	0%	0%
47	Runipsys (Suzhou) Injection Technology Co., Ltd.* 朗力(蘇州)注塑技術有限公司.	The Chinese Mainland	Registered capital of RMB5,000,000	Trading of hot runner system	100%	100%	100%	100%
48	Runipsys Portugal, Unipessoal Lda# . .	Portugal	Registered capital of Euro 50,000	Provision of after-sales services	100%	100%	0%	0%
49	Primeplast Co., Limited	Hong Kong	Share capital of USD2,000,000	Investment holding	100%	100%	100%	100%
50	Primeplast Inc. # . . .	The US	Registered capital of USD500,000	Inactive	100%	100%	0%	0%
51	Kiwon Superprecision^.	Korea	Share capital of KRW990,000,000	Manufacturing and trading of electronic devices and heaters	0%	0%	0%	100%
52	Magnet Co., Ltd^ . . .	Korea	Share capital of KRW1,700,000,000	Manufacturing and trading of mechanical parts and gun-drilling	0%	0%	0%	100%

* English names are translated for identification purpose only.

▲ Subsidiary dissolved during the year ended December 31, 2024.

\# Subsidiary dissolved during the year ended December 31, 2025.

@ In February 2026, Runipsys Europe SAS, a subsidiary of the Group incorporated in France, commenced liquidation process. As of the date of this report, such liquidation process is not yet complete.

^ The subsidiaries were acquired on March 31, 2026 as part of business combination (Note 33).

Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

As at December 31, 2023, 2024, 2025 and June 30, 2026, there was no non-controlling interests that are material to the Group.

Investments in subsidiaries – the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Unlisted investments, at cost – Subsidiaries	248,242	255,908	244,738	244,451
Amounts due from subsidiaries	7,238	6,323	5,545	5,534
	255,480	262,231	250,283	249,985

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Financial assets				
Financial assets at amortized cost				
– Trade and bills receivables *(Note 20)*	165,474	173,583	177,964	174,689
– Deposits and other receivables	7,198	4,038	4,065	4,970
– Long-term bank deposits *(Note 22)*	189	178	1,799	210
– Short-term bank deposits *(Note 22)*	2,499	2,953	1,217	3,623
– Cash and cash equivalents *(Note 22)*	80,726	65,589	147,085	69,852
	256,086	246,341	332,130	253,344
Financial assets at fair value				
– Bills receivables at FVOCI *(Note 20)*	10,850	9,341	11,031	20,627
– Equity investments at FVOCI *(Note 21)*	2,192	1,725	3,638	6,081
– Financial assets at FVPL *(Note 21)*	–	–	490	–
	13,042	11,066	15,159	26,708
	269,128	257,407	347,289	280,052
Financial liabilities				
Financial liabilities at amortized cost				
– Trade and bills payables *(Note 23)*	37,399	40,707	40,980	46,413
– Other payables and accruals	6,427	7,373	96,289	5,274
– Bank and other borrowings *(Note 25)*	3,787	8,926	24,092	7,019
– Loans from related parties *(Note 34(c))*	7,616	6,915	6,850	126,243
– Redemption liabilities *(Note 28)*	–	–	–	157,901
– Lease liabilities *(Note 15)*	12,523	12,573	10,493	12,735
	67,752	76,494	178,704	355,585
Financial liability at fair value				
– Convertible preference shares *(Note 24)*	217,459	227,802	271,668	–
	285,211	304,296	450,372	355,585

19 INVENTORIES

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Raw materials	26,138	27,746	28,619	30,758
Work-in-progress	7,413	8,805	10,605	12,657
Finished goods	9,408	9,556	8,537	8,152
Provision for impairment of inventories	(4,635)	(4,922)	(4,351)	(4,864)
	38,324	41,185	43,410	46,703

Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. Volume rebates or discounts are taken into account when estimating the cost of inventory if it is probable that they have been earned and will take effect. See Note 35.9 for the Group's other accounting policies for inventories.

Amounts recognized in profit or loss

Inventories recognized as an expense during the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026 were approximately US$171,421,000, US$172,163,000, US$176,081,000, US$87,328,000 and US$82,141,000, respectively.

During the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026, a provision for impairment of US$509,000, US$690,000, US$538,000, US$447,000 and US$651,000, respectively, were recognized in cost of sales in consolidated statement of profit or loss.

20 TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Trade receivables, gross	154,001	162,822	168,791	167,829
Bills receivable measured at FVOCI *(Note c)*	10,850	9,341	11,031	20,627
Bills receivable measured at amortized cost *(Note d)*	20,818	18,868	17,489	15,785
	185,669	191,031	197,311	204,241
Less: Loss allowances *(Note 3.1(b))*	(9,345)	(8,107)	(8,316)	(8,925)
Trade and bills receivables, net	176,324	182,924	188,995	195,316

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the aging analysis of the trade receivables based on the invoice date is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Within 3 months	89,664	101,168	99,368	92,442
3 months to 6 months	31,793	32,345	34,992	35,841
6 months to 9 months	15,609	14,389	17,934	14,025
9 months to 1 year	7,666	5,422	7,066	10,235
Over 1 year	9,269	9,498	9,431	15,286
	154,001	162,822	168,791	167,829

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Other receivables, gross	2,186	1,171	911	1,612
Less: Loss allowances *(Note 3.1(b))*	(446)	(360)	(85)	(79)
Other receivables, net *(Note b)*	1,740	811	826	1,533
Deposits	5,458	3,227	3,239	3,437
Other tax and surcharge recoverable	542	688	481	827
Prepayments – property, plant and equipment	29	1,300	1,027	704
Prepayments – insurance	167	161	191	217
Prepayments – others	1,058	1,265	1,191	1,750
Prepayments, deposits and other receivables	8,994	7,452	6,955	8,468
Less: Non-current portion	(5,225)	(4,376)	(4,088)	(3,957)
	3,769	3,076	2,867	4,511

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Dividend receivable	2,430	–	–	–
Other receivables *(Note b)*	13	13	22	–
Deposits	6	8	8	9
Prepayments	79	56	41	223
Prepayments, deposits and other receivables	2,528	77	71	232
Less: Non-current portion	(6)	(7)	–	–
	2,522	70	71	232

(a) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 180 days and therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in Note 3.1(b).

(b) Other receivables

These amounts generally arise from transactions within the usual operating activities of the Group and the Company. Collateral is not normally obtained.

Further information relating to loans to related parties and key management personnel is set out in Note 34.

(c) Bills receivable measured at FVOCI

The balance represents the bank acceptance bills issued by banks in the Chinese Mainland. The Group manages all the bank acceptance bills issued by banks in the Chinese Mainland and they are held under a dual business model (i.e. collecting contractual cash flows and sell if there are liquidity needs). Therefore, the bank acceptance bills issued by banks in the Chinese Mainland are classified as financial assets at FVOCI. The impairment allowances of the recognized bank acceptance bills were not material as at December 31, 2023, 2024, 2025 and June 30, 2026.

At December 31, 2023, 2024, 2025 and June 30, 2026, the Group endorsed certain bank acceptance bills issued by banks in the Chinese Mainland to certain suppliers in order to settle the trade payables due to such suppliers. In addition, the Group also discounted certain bank acceptance bills. The relevant carrying amounts are summarised below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Bills discounted to banks				
Transferred bill receivables	1,946	10,638	19,422	1,644
Associated secured borrowing	(1,946)	(10,638)	(19,422)	(1,644)
Bills endorsed to suppliers				
Transferred bills receivables	17,183	8,357	5,813	8,813
Associated trade payables	(17,183)	(8,357)	(5,813)	(8,813)

In accordance with the Negotiable Instruments Law in the Chinese Mainland, holder of bank acceptance bills has a right of recourse against the Group for default of payment by the issuing banks (the "**Continuing Involvement**"). These bank acceptance bills are derecognized when they are discounted or endorsed since the dominant financial risks associated with them, i.e. the fair value interest rate risk, has been transferred. For endorsement, the associated trade payables are also derecognized and settled on a non-cash basis. The derecognized bank acceptance bills generally had a remaining maturity of 1 to 6 months.

(d) Bills receivable measured at amortized cost

The balance comprises bank acceptance bills issued by banks outside the Chinese Mainland and commercial bills.

The Group manages these bills by way of a hold-to-collect business model. Therefore, these bills are classified as financial assets at amortized cost, and the relevant impairment allowances were not material as at December 31, 2023, 2024, 2025 and June 30, 2026.

At December 31, 2023, 2024, 2025 and June 30, 2026, the Group also endorsed certain commercial bills issued by corporates in the Chinese Mainland to certain suppliers in order to settle the trade payables due to such suppliers. In addition, the Group also discounted certain commercial bills. The relevant carrying amounts are summarised below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Commercial bills discounted to banks				
Transferred bill receivables	65	–	795	–
Associated secured borrowing	(65)	–	(795)	–
Commercial bills endorsed to suppliers				
Transferred bills receivables	3,205	1,104	896	1,491
Associated trade payables	(3,205)	(1,104)	(896)	(1,491)

In accordance with the Negotiable Instruments Law in the Chinese Mainland, holder of a commercial bill has a right of recourse against the Group for default of payment by the issuer. These commercial bills are not derecognized when they are discounted or endorsed since the credit risk associated has been retained until contractual maturity. Therefore, the Group continues to recognize these bills in their entirety in the consolidated statements of financial position.

(e) Impairment and risk exposure

For trade and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For other receivables, the Group applies general approach to assess the expected credit losses by 12 months expected losses method or lifetime expected losses method where applicable.

Information about the impairment of trade and other receivables is set out in Note 3.1 (b).

21 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Equity investments at FVOCI				
Listed equity securities	1,970	1,530	3,273	5,958
Unlisted equity securities	222	195	365	123
	2,192	1,725	3,638	6,081
Financial assets at FVPL				
Wealth management product	–	–	490	–

(a) Equity investments at FVOCI

Equity investments at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.

During the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026, dividends received from listed equity securities of approximately US$34,000, US$37,000, US$35,000, US$36,000 and US$36,000, respectively, were recognized in "Other income and gains, net" in the consolidated statement of profit or loss (Note 6).

Note 3.3 sets out the information about the methods and assumptions used in determining fair value.

(b) Financial assets at FVPL

Information about the Group's exposure to price risk, interest rate risk and credit risk is set out in Note 3.1. Information about the fair value measurement is set out in Note 3.3.

22 CASH AND CASH EQUIVALENTS, SHORT-TERM BANK DEPOSITS AND LONG-TERM BANK DEPOSITS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Cash at bank	71,889	55,210	48,351	54,890
Deposits in banks with maturity of three months or less	8,781	10,325	98,686	14,920
Cash on hand	56	54	48	42
Cash and cash equivalents	80,726	65,589	147,085	69,852
Short-term bank deposits *(Note i)*	2,499	2,953	1,217	3,623
Long-term bank deposits *(Note ii)*	189	178	1,799	210

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Cash at bank	12,343	1,505	3,115	1,425
Deposits in banks with maturity of three months or less	4,896	6,792	95,786	12,538
Cash and cash equivalents	17,239	8,297	98,901	13,963

Notes:

(i) As at December 31, 2023, 2024 and 2025 and June 30, 2026, short-term bank deposits represent deposits with average maturity day of 246 days, 373 days, 262 days and 166 days, respectively.

(ii) As at December 31, 2023, 2024 and 2025 and June 30, 2026, long-term bank deposits represent deposits with average maturity day of 1,145 days, 1,337 days, 535 days and 972 days, respectively.

(iii) Cash and short-term deposits held in the Chinese Mainland are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

As at December 31, 2023, 2024, 2025 and June 30, 2026, the carrying amount of the assets included within the Historical Financial Information to which these restrictions apply are US$24,982,000, US$18,430,000, US$32,755,000 and US$21,433,000 respectively.

23 TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Trade payables	37,153	40,702	40,980	40,834
Bills payables	246	5	–	5,579
Trade and bills payables	37,399	40,707	40,980	46,413
Accrued employee benefits *(Note i)*	23,933	23,116	24,628	19,949
Dividend payable *(Note ii)*	–	–	90,000	–
Other tax payables	5,077	5,927	5,903	5,265
Accrued operating expenses	6,427	7,373	6,289	5,274
Accrued warranty expenses	2,803	2,992	3,037	2,940
Other payables and accruals	38,240	39,408	129,857	33,428

Trade payables are unsecured and are generally with a credit term ranging from 90 to 180 days.

Aging analysis of the trade payables based on invoice date are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Within 3 months	27,978	30,704	26,655	25,833
3 months to 6 months	6,924	7,886	10,943	12,995
6 months to 9 months	32	45	1,501	177
9 months to 1 year	92	30	5	6
Over 1 year	2,127	2,037	1,876	1,823
	37,153	40,702	40,980	40,834

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Dividend payable *(Note ii)*	–	–	90,000	–
Accrued employee benefits	1,671	2,236	2,672	861
Accrued operating expenses	2,278	1,076	1,064	1,201
	3,949	3,312	93,736	2,062

Note:

(i) As at December 31, 2023, 2024 and 2025 and June 30, 2026, the provisions for social insurance and housing provident fund of approximately US$9,649,000, US$9,871,000, US$10,544,000 and US$10,254,000, respectively, were included in accrued employee benefits.

(ii) Dividend payable represents the dividend of convertible preference shares of approximately US$90,000,000 and it was paid in January 2026.

24 CONVERTIBLE PREFERENCE SHARES

On December 12, 2017, the Company, together with Abiman Investment Co., Limited and Tommy & Partners Co., Limited (collectively, the "Ordinary Shareholders") have entered into a share subscription agreement and shareholders' agreement with Match Jersey Limited ("**Match Jersey**"), an independent third party. Match Jersey agreed to subscribe 1,290,000 newly issued convertible preference shares ("**CPS**"), representing 30% of the total issued and outstanding share capital upon full conversion of CPS into ordinary shares of the Company (the "Subscription") at a total consideration of US$198,000,000 (the "Consideration"). The subscription was completed on March 28, 2018.

The CPS ranked pari passu with the ordinary shares in all respects as to dividends and voting rights but they are redeemable on a specified date if certain criteria beyond the control of the Group and the subscriber has met.

Each CPS holder has the right to convert the CPS into ordinary shares without the payment of any additional consideration. If the Company fails to consummate an **[REDACTED]** within 60 months after the date of the shareholders' agreement (the "Long Stop Date"), the CPS holder shall have the option but not the obligation, at any time following the Long Stop Date, to require the Company and the Ordinary Shareholders to redeem the CPS for an amount determined by reference to the equity value of the Group as determined in accordance with the terms of share subscription agreement and shareholders' agreement by written notice ("**Exit Option Notice**") to the Company and the Ordinary Shareholders.

Upon a winding up or other liquidation of the Company or otherwise, the assets of the Company available for distribution among the shareholders shall be applied in the following order:

(a) payment and distribution to the preference shareholders in the relevant proportion, in priority and in preference to any payment to the holders of any other class of shares in the Company, in the following order:

  (i) any accrued but unpaid dividends in respect of the CPS;

  (ii) after payment in full of the accrued but unpaid dividends in respect of all the CPS, the amount paid up on the CPS;

(b) after payment in full of the amounts in (a) in respect of all the CPS, payment to the ordinary shareholders of any accrued but unpaid dividends in respect of the ordinary shares and the amount paid up on the ordinary shares; and

(c) after distribution or payment in full of the amounts in paragraph (a), the remaining distributable assets (if any) shall be distributed to the ordinary shareholders and the CPS holders pro rata on an as converted basis.

The Company does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at FVPL. On December 12, 2022, the Ordinary Shareholders and Match Jersey entered into a supplemental agreement to further extend the Long Stop Date to December 12, 2023 and such Long Stop Date shall be automatically extended for another 12 months unless Match Jersey objects the extension by notice in writing to the Company prior to the deadline of each annual automatic extension. Upon receipt of the Exit Option Notice, the Company and the Ordinary Shareholders shall be jointly and severally liable to purchase the CPS as required by the CPS holder no later than 18 months after the date of Exit Option Notice.

On January 20, 2026, the Company entered into a share buy-back agreement with Match Jersey and agreed that (i) each of the 1,290,000 CPS held by Match Jersey will be converted into 1,290,000 ordinary shares upon receipt of payment of a special dividend of US$90,000,000 previously declared and paid solely to Match Jersey, and following which (ii) the Company is obligated to buy back 1,290,000 ordinary shares from Match Jersey for a total consideration of US$280,000,000. For more details, refer to Note 28.

On January 21, 2026, all the 1,290,000 CPS held by Match Jersey were converted into 1,290,000 ordinary shares of the Company.

From the issue date up to the date of the share buy-back agreement on January 20, 2026, no Exit Option Notice was received by the Company and the Ordinary Shareholders.

25 BANK AND OTHER BORROWINGS

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Secured bank and other borrowings *(Note i, iii)*	616	1,771	1,204	980
Unsecured bank and other borrowings *(Note iii)*	3,106	7,155	22,093	6,039
Discounted bills *(Note ii)*	65	–	795	–
Bank and other borrowings *(Note iv)*	3,787	8,926	24,092	7,019
Less: Non-current portion	(2,402)	(2,393)	(3,104)	(2,745)
	1,385	6,533	20,988	4,274

Notes:

(i) As at December 31, 2023, 2024 and 2025 and June 30, 2026, bank borrowings were secured by the Group's property, plant and equipment of net book amounts of approximately US$653,000, US$2,195,000, US$1,550,000 and US$1,451,000, respectively (Note 14).

(ii) As at December 31, 2023, 2024 and 2025 and June 30, 2026, discounted bills are related to transferred receivables (Note 20) and repayable within one year. They are arranged at fixed discount rates ranging from 1.50% to 1.80%, nil, 2.00% and nil, respectively, per annum.

(iii) As at December 31, 2023, 2024 and 2025 and June 30, 2026, bank and other borrowings (excluding discounted bills) bear an average interest rate at approximately 2.08%, 1.23%, 1.64% and 2.16%, respectively, per annum.

(iv) For bank and other borrowings, the fair values approximate their carrying amounts as they are either short in maturity or carried at commercial rates.

The Group's borrowings were repayable based on their respective contractual repayment terms are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Within one year	1,385	6,533	20,988	4,274
Between one and two years	921	882	2,608	2,388
Between two and five years	1,385	1,447	442	314
More than five years	96	64	54	43
	3,787	8,926	24,092	7,019

26 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax recoverable against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Deferred income tax assets	3,985	4,317	6,402	6,430
Deferred income tax liabilities	(11,741)	(13,397)	(12,365)	(14,744)
	(7,756)	(9,080)	(5,963)	(8,314)

The net movement on the deferred income tax account is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
At January 1,	(9,277)	(7,756)	(9,080)	(9,080)	(5,963)
Credited/(charged) to consolidated statement of profit or loss *(Note 10)*	982	(1,812)	3,699	119	(1,600)
Credited/(charged) to consolidated statement of comprehensive income	260	199	(325)	(2,310)	(651)
Acquisition of subsidiaries	–	–	–	–	(212)
Exchange differences	279	289	(257)	(447)	112
At December 31,/June 30,	(7,756)	(9,080)	(5,963)	(11,718)	(8,314)

The amount without taking into consideration the offsetting of balances with the same tax jurisdiction is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Deferred income tax assets:				
– Deferred income tax assets to be recovered after 12 months	7,534	7,271	7,916	8,063
Deferred income tax liabilities:				
– Deferred income tax liabilities to be settled after 12 months	(15,290)	(16,351)	(13,879)	(16,377)
Deferred income tax liabilities, net	(7,756)	(9,080)	(5,963)	(8,314)

The natures of items giving rise to deferred income tax assets and their respective movements during the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2026 without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	Loss allowance for trade receivables	Provision for impairment of inventories	Unrealized profits on inventories	Lease liabilities, provisions and others	Fair value change of equity investments at FVOCI	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2023	2,537	649	1,068	2,737	196	7,187
Credited/(charged) to the consolidated statement of profit or loss	26	(62)	(144)	719	–	539
Charged to the consolidated statement of comprehensive income	–	–	–	–	(51)	(51)
Exchange differences	(38)	(7)	–	(92)	(4)	(141)
At December 31, 2023	2,525	580	924	3,364	141	7,534
At January 1, 2024	2,525	580	924	3,364	141	7,534
(Charged)/credited to the consolidated statement of profit or loss	(28)	3	(231)	400	–	144
Credited to the consolidated statement of comprehensive income	–	–	–	–	45	45
Exchange differences	(215)	(52)	–	(164)	(21)	(452)
At December 31, 2024	2,282	531	693	3,600	165	7,271
At January 1, 2025	2,282	531	693	3,600	165	7,271
Credited to the consolidated statement of profit or loss	205	26	230	142	–	603
Charged to the consolidated statement of comprehensive income	–	–	–	–	(165)	(165)
Exchange differences	50	11	–	146	–	207
At December 31, 2025	2,537	568	923	3,888	–	7,916
At January 1, 2026	2,537	568	923	3,888	–	7,916
Credited/(charged) to the consolidated statement of profit or loss	274	97	(99)	69	–	341
Exchange differences	(67)	(25)	–	(102)	–	(194)
At June 30, 2026 (unaudited)	2,744	640	824	3,855	–	8,063

The natures of items giving rise to deferred income tax liabilities and their respective movements during the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2026 without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	Accelerated tax depreciation	Fair value change of plan assets	Withholding tax	Intangible assets	Right-of-use assets and others	Fair value change of equity investments at FVOCI	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	
At January 1, 2023	1,472	273	11,764	243	2,712	–	16,464
(Credited)/charged to consolidated statement of profit or loss	(469)	369	(255)	(56)	(32)	–	(443)
Credited to the consolidated statement of comprehensive income	–	(311)	–	–	–	–	(311)
Exchange differences	(86)	(5)	(290)	7	(46)	–	(420)
At December 31, 2023	917	326	11,219	194	2,634	–	15,290
At January 1, 2024	917	326	11,219	194	2,634	–	15,290
Charged/(credited) to consolidated statement of profit or loss	1,011	(156)	1,854	(56)	(697)	–	1,956
Credited to the consolidated statement of comprehensive income	–	(154)	–	–	–	–	(154)
Exchange differences	(27)	6	(466)	(9)	(245)	–	(741)
At December 31, 2024	1,901	22	12,607	129	1,692	–	16,351
At January 1, 2025	1,901	22	12,607	129	1,692	–	16,351
Charged/(credited) to consolidated statement of profit or loss	401	6	(3,903)	(70)	470	–	(3,096)
Credited to the consolidated statement of other comprehensive income	–	(23)	–	–	–	183	160
Exchange differences	54	23	301	57	36	(7)	464
At December 31, 2025	2,356	28	9,005	116	2,198	176	13,879
At January 1, 2026	2,356	28	9,005	116	2,198	176	13,879
Acquisition of subsidiaries *(Note 33)*	–	–	–	–	212	–	212
Charged/(credited) to consolidated statement of profit or loss	606	101	1,281	(4)	(43)	–	1,941
Credited to the consolidated statement of comprehensive income	–	(23)	–	–	–	674	651
Exchange differences	109	16	(253)	(3)	(133)	(42)	(306)
At June 30, 2026 (unaudited)	3,071	122	10,033	109	2,234	808	16,377

Deferred income tax assets are recognized for tax loss carried-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group did not recognize deferred income tax assets in respect of tax losses amounting to approximately US$3,518,000, US$4,124,000, US$5,064,000 and US$558,000, respectively, that can be carried forward against future taxable income. As at December 31, 2023, 2024 and 2025 and June 30, 2026, these tax losses have no expiry date except for an amount of approximately US$1,203,000, US$1,282,000, US$1,288,000 and US$186,000, respectively, that will expire from 2024 to 2038, 2025 to 2039, 2026 to 2040 and 2027 to 2041, respectively.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group recognized the relevant deferred income tax liabilities of approximately US$11,219,000, US$12,607,000, US$9,005,000 and US$10,033,000, respectively, on earnings anticipated to be remitted by certain subsidiaries in the foreseeable future. No withholding tax had been provided for earnings of approximately US$57,365,000, US$10,783,000, US$12,437,000 and US$9,375,000, respectively, expected to be retained by the subsidiaries and not to be remitted to a foreign investor in the foreseeable future based on several factors, including management's estimation of reinvesting in the local operations.

27 EMPLOYEE BENEFIT OBLIGATIONS

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Defined benefit plan assets	2,303	329	282	1,154
Defined benefit obligation (Note)	1,743	1,797	1,889	2,022
Other non-current employee benefits	320	305	342	417
	2,063	2,102	2,231	2,439

Note – Defined benefit obligations

The Group's major defined benefit plans are in Korea, Japan, Italy, France and Thailand. The plans are either contributory final salary pension plans or contributory career average pay plans.

The benefit payments are either from trustee-administered funds or unfunded plans where the Group meets the benefit payment obligation as it falls due. Plan assets are held in trust where the responsibility for governance of the plans lies by the Group.

The plan exposes the Group to actuarial risks, such as interest rate risk, investment risk and longevity risk. The amounts recognized in the consolidated statement of financial positions and the movements in the net defined benefit obligation are as follows:

	Present value of obligation	Fair value of plan assets	Total
	US$'000	*US$'000*	*US$'000*
At January 1, 2023	9,700	(10,311)	(611)
Current service cost	1,384	–	1,384
Interest expense/(income)	486	(813)	(327)
Total amount recognized in profit or loss	1,870	(813)	1,057
Actuarial losses	807	162	969
Total amount recognized in other comprehensive income	807	162	969
Exchange differences	(136)	198	62
Employer's contributions	–	(1,005)	(1,005)
Benefit payments	(2,810)	1,778	(1,032)
At December 31, 2023	9,431	(9,991)	(560)

	Present value of obligation	Fair value of plan assets	Total
	US$'000	*US$'000*	*US$'000*
At January 1, 2024	9,431	(9,991)	(560)
Current service cost	1,295	–	1,295
Interest expense/(income)	359	(461)	(102)
Total amount recognized in profit or loss	1,654	(461)	1,193
Actuarial losses	259	160	419
Total amount recognized in other comprehensive income	259	160	419
Exchange differences	(728)	905	177
Employer's contributions	–	(575)	(575)
Benefit payments	(1,850)	2,664	814
At December 31, 2024	8,766	(7,298)	1,468
At January 1, 2025	8,766	(7,298)	1,468
Current service cost	1,193	–	1,193
Interest expense/(income)	331	(304)	27
Total amount recognized in profit or loss	1,524	(304)	1,220
Actuarial (gains)/losses	(303)	105	(198)
Total amount recognized in other comprehensive income	(303)	105	(198)
Exchange differences	298	(183)	115
Employer's contributions	–	(714)	(714)
Benefit payments	(1,440)	1,238	(202)
Liquidation of a subsidiary	(82)	–	(82)
At December 31, 2025	8,763	(7,156)	1,607
At January 1, 2026	8,763	(7,156)	1,607
Current service cost	610	–	610
Interest expense/(income)	181	(170)	11
Total amount recognized in profit or loss	791	(170)	621
Actuarial (gains)/losses	(661)	66	(595)
Total amount recognized in other comprehensive income	(661)	66	(595)
Exchange differences	(613)	529	(84)
Employer's contributions	–	(296)	(296)
Benefit payments	(2,098)	1,462	(636)
Acquisition of subsidiaries	1,451	(1,200)	251
At June 30, 2026 (unaudited)	7,633	(6,765)	868

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(unaudited)
Represented by:				
Defined benefit assets	(2,303)	(329)	(282)	(1,154)
Defined benefit obligations	1,743	1,797	1,889	2,022
	(560)	1,468	1,607	868

The significant actuarial assumptions and relevant sensitivity analysis are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(unaudited)
Discount rate	0.8%to 5.0%	1.7%to 7.1%	2.7%to 9.3%	2.7%to 9.3%
Long-term salary increment	1.0%to 3.8%	1.0%to 6.0%	3.0%to 6.0%	3.0%to 6.0%
Attrition rate	1.1%to11.1%	1.1%to11.3%	3.6%to19.6%	3.7%to19.6%

At December 31, 2023, 2024 and 2025 and June 30, 2026, if the discount rate had been 1% higher/lower, with other variables in constant, the value of retirement benefit obligation would have decreased/increased by 5.3% and 5.9%; 5.5% and 6.5%; 5.3% and 6.0% and 4.0% and 4.5%, respectively.

At December 31, 2023, 2024 and 2025 and June 30, 2026, if the long-term salary increment had been 1% higher/lower, with other variables in constant, the value of the retirement benefit obligation would have increased/decreased by 5.2% and 4.7%; 4.9% and 4.5%; 4.4% and 4.0% and 3.4% and 3.1%, respectively.

At December 31, 2023, 2024 and 2025 and June 30, 2026, if the attrition rate had been 10% higher/lower, with other variables in constant, the value of the retirement benefit obligation would have decreased/increased by 3.9% and 3.5%; 0.3% and 0.2%; 0.2% and 0.2% and 0.2% and 0.1%, respectively.

28 REDEMPTION LIABILITIES

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Redemption liabilities	–	–	–	157,901

Pursuant to the share buy-back agreement dated January 20, 2026, the Company is obligated to buy back, and Match Jersey agreed to sell, an aggregate of 1,290,000 ordinary shares, comprising 552,857 shares at the first closing on February 27, 2026 at a consideration of US$120,000,000 and 737,143 shares at the second closing on August 31, 2026 at a consideration of US$160,000,000 (collectively, the "Share Buy-Back").

On January 21, 2026, all the 1,290,000 CPS held by Match Jersey were converted into 1,290,000 ordinary shares of the Company.

As at June 30, 2026, consideration for the second closing of US$160,000,000 remained unsettled and has been recognized as redemption liabilities in the consolidated statement of financial position.

The Company's contractual obligations under the share buy-back agreement to repurchase its own equity instruments give rise to such redemption liabilities, which are initially measured at the present value of the expected cash flows for settling the related obligations, and subsequently measured at amortized cost.

Interest from the redemption liabilities are recognized as finance cost (Note 9).

On September 21, 2026, the Company completed the buy back of the remaining 737,143 shares held by Match Jersey at a consideration of US$160,000,000.

29 SHARE CAPITAL

	Number of shares	Share capital
	(in thousands)	*US$'000*
Ordinary shares, issued and fully paid:		
At January 1, 2023, December 31, 2023, 2024 and January 1, 2025	3,010	388
Increase of share capital without issuance of shares *(Note i)*	–	30,070
At December 31, 2025 and January 1, 2026	3,010	30,458
Shares converted by CPS holder *(Note 28)*	1,290	271,668
Shares bought back by the Company *(Note ii)*	(553)	(119,635)
At June 30, 2026 (unaudited)	**3,747**	**182,491**

Notes:

(i): Pursuant to a board resolution on December 27, 2025, the share capital of the Company increased by payment in cash of HK$187,200,000 and HK$46,800,000 provided by ordinary shareholders, namely Abiman Investment Co., Limited and Tommy & Partners Co., Limited respectively.

(ii): During the six months ended June 30, 2026, 552,857 ordinary shares were bought back by the Company on February 27, 2026 at a consideration of US$120,000,000. Refer Note 28 for more details.

30 RESERVES

The Group

	Merger reserve (Note a)	Investment reserve (Note b)	Currency translation reserve (Note c)	Statutory and other reserves (Note d)	Sub-total	Retained earnings	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2023	(202,552)	(1,145)	(1,962)	50,852	(154,807)	211,396	56,589
Profit for the year	–	–	–	–	–	78,536	78,536
Other comprehensive income/(loss):							
Exchange differences arising from the translation of foreign operations	–	–	(3,835)	–	(3,835)	–	(3,835)
Fair value gain of equity investments at fair value through other comprehensive income, net of tax	–	184	–	–	184	–	184
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	–	–	(993)	(993)
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	–	(99)	–	(99)	–	(99)
Total comprehensive income/(loss) for the year	–	184	(3,934)	–	(3,750)	77,543	73,793
Impact of hyperinflation	–	–	(61)	(19)	(80)	(892)	(972)
Transactions with owners in their capacity as owners							
Dividends *(Note 11)*	–	–	–	–	–	(45,500)	(45,500)
Transfer to statutory reserves *(Note e)*	–	–	–	3,968	3,968	(3,968)	–
	–	–	–	3,968	3,968	(49,468)	(45,500)
Balance at December 31, 2023	(202,552)	(961)	(5,957)	54,801	(154,669)	238,579	83,910
Balance at January 1, 2024	(202,552)	(961)	(5,957)	54,801	(154,669)	238,579	83,910
Profit for the year	–	–	–	–	–	41,688	41,688
Other comprehensive (loss)/income:							
Exchange differences arising from the translation of foreign operations	–	–	(13,693)	–	(13,693)	–	(13,693)
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary	–	–	(29)	–	(29)	–	(29)
Fair value loss of equity investments at fair value through other comprehensive income, net of tax	–	(153)	–	–	(153)	–	(153)
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	–	–	(417)	(417)
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	–	421	–	421	–	421
Total comprehensive (loss)/income for the year	–	(153)	(13,301)	–	(13,454)	41,271	27,817
Impact of hyperinflation	–	–	(37)	14	(23)	(419)	(442)
Transactions with owners in their capacity as owners							
Dividends *(Note 11)*	–	–	–	–	–	(58,100)	(58,100)
Transfer to statutory reserves *(Note e)*	–	–	–	328	328	(328)	–
	–	–	–	328	328	(58,428)	(58,100)
Balance at December 31, 2024	(202,552)	(1,114)	(19,295)	55,143	(167,818)	221,003	53,185

	Merger reserve (Note a)	Investment reserve (Note b)	Currency translation reserve (Note c)	Statutory and other reserves (Note d)	Sub-total	Retained earnings	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2025	(202,552)	(1,114)	(19,295)	55,143	(167,818)	221,003	53,185
Loss for the year	–	–	–	–	–	(61,035)	(61,035)
Other comprehensive income:							
Exchange differences arising from the translation of foreign operations	–	–	8,545	–	8,545	–	8,545
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary	–	–	67	–	67	–	67
Fair value gain of equity investments at fair value through other comprehensive income, net of tax	–	1,281	–	–	1,281	–	1,281
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	–	–	169	169
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	–	60	–	60	–	60
Total comprehensive income/(loss) for the year	–	1,281	8,672	–	9,953	(60,866)	(50,913)
Impact of hyperinflation	–	–	806	(92)	714	(506)	208
Transactions with owners in their capacity as owners							
Dividends *(Note 11)*	–	–	–	–	–	(25,900)	(25,900)
Transfer to statutory reserves *(Note e)*	–	–	–	216	216	(216)	–
	–	–	–	216	216	(26,116)	(25,900)
Balance at December 31, 2025	(202,552)	167	(9,817)	55,267	(156,935)	133,515	(23,420)
Balance at January 1, 2025	(202,552)	(1,114)	(19,295)	55,143	(167,818)	221,003	53,185
Profit for the period	–	–	–	–	–	34,176	34,176
Other comprehensive income/(loss):							
Exchange differences arising from the translation of foreign operations	–	–	11,059	–	11,059	–	11,059
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary	–	–	67	–	67	–	67
Fair value gain of equity investments at fair value through other comprehensive income, net of tax	–	521	–	–	521	–	521
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	–	–	(120)	(120)
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	–	(557)	–	(557)	–	(557)
Total comprehensive income for the period	–	521	10,569	–	11,090	34,056	45,146
Impact of hyperinflation	–	–	730	105	835	(431)	404
Transactions with owners in their capacity as owners							
Dividends *(Note 11)*	–	–	–	–	–	(8,400)	(8,400)
Transfer to statutory reserves *(Note e)*	–	–	–	221	221	(221)	–
	–	–	–	221	221	(8,621)	(8,400)
Balance at June 30, 2025 (unaudited)	(202,552)	(593)	(7,996)	55,469	(155,672)	246,007	90,335

	Merger reserve (Note a)	Investment reserve (Note b)	Currency translation reserve (Note c)	Statutory and other reserves (Note d)	Sub-total	Retained earnings	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2026	(202,552)	167	(9,817)	55,267	(156,935)	133,515	(23,420)
Profit for the period	–	–	–	–	–	32,249	32,249
Other comprehensive income/(loss):							
Exchange differences arising from the translation of foreign operations	–	–	2,279	–	2,279	–	2,279
Fair value gain of equity investments at fair value through other comprehensive income, net of tax	–	2,342	–	–	2,342	–	2,342
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	–	–	599	599
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	–	(921)	–	(921)	–	(921)
Total comprehensive income for the period	–	2,342	1,358	–	3,700	32,848	36,548
Impact of hyperinflation	–	–	13	(50)	(37)	(90)	(127)
Transactions with owners in their capacity as owners							
Capital contribution	–	–	–	478	478	–	478
Transfer to statutory reserves *(Note e)*	–	–	–	332	332	(332)	–
Recognition of redemption liabilities *(Note 28)*	–	–	–	(271,668)	(271,668)	–	(271,668)
Buy-back of ordinary shares *(Note 28)*	–	–	–	119,635	119,635	–	119,635
	–	–	–	(151,223)	(151,223)	(332)	(151,555)
Balance at June 30, 2026 (unaudited)	(202,552)	2,509	(8,446)	(96,006)	(304,495)	165,941	(138,554)

Notes:

a. Merger reserve was mainly resulted from certain reorganization procedures of the Group that involved business combinations under common control prior to the year ended December 31, 2019. Upon combination, the net assets of the acquirees are consolidated using the existing book values from the Company's perspective. No amount is recognized in consideration for goodwill or excess of acquirer's interest in the net book value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination.

b. The Group has elected to recognize changes in the fair value of certain investments classified as FVOCI as explained in Note 21. These changes are accumulated within the investment reserve within equity, and the Group transfers relevant amounts from this reserve to retained earnings when corresponding investments are derecognized or sold.

c. Exchange differences arising on translation of the foreign controlled entities are recognized in other comprehensive income as described in Note 35.2 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment or the foreign controlled entities are disposed of.

d. The balance mainly comprises of the statutory reserves, capital contribution from shareholders and other reserve arising from the recognition of redemption liabilities.

Statutory reserves are non-distributable and the transfers of these funds are determined by the Board of Directors of the relevant Chinese Mainland and Korean subsidiaries in accordance with the relevant laws and regulations in the Chinese Mainland and Korea respectively.

Refer Note 28 for more details on other reserve arising from the recognition of redemption liabilities.

e. During the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026, reserves of approximately US$3,968,000, US$328,000, US$216,000, US$221,000 and US$332,000 were transferred from retained earnings to Chinese Mainland statutory reserves respectively.

The Company

	Other reserve	Currency translation reserve (Note c)	Retained earnings	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2023	–	860	6,060	6,920
Profit for the year	–	–	90,762	90,762
Other comprehensive loss:				
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	(100)	–	(100)
Total comprehensive (loss)/income for the year	–	(100)	90,762	90,662
Transactions with owners in their capacity as owners				
Dividends *(Note 11)*	–	–	(45,500)	(45,500)
Balance at December 31, 2023	–	760	51,322	52,082
Balance at January 1, 2024	–	760	51,322	52,082
Profit for the year	–	–	44,826	44,826
Other comprehensive income:				
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	421	–	421
Total comprehensive income for the year	–	421	44,826	45,247
Transactions with owners in their capacity as owners				
Dividends *(Note 11)*	–	–	(58,100)	(58,100)
Balance at December 31, 2024	–	1,181	38,048	39,229

	Other reserve	Currency translation reserve (Note c)	Retained earnings/ (Accumulated losses)	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2025	–	1,181	38,048	39,229
Loss for the year	–	–	(60,370)	(60,370)
Other comprehensive loss:				
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	(277)	–	(277)
Total comprehensive loss for the year	–	(277)	(60,370)	(60,647)
Transactions with owners in their capacity as owners				
Dividends (Note 11)	–	–	(25,900)	(25,900)
	–	–	(25,900)	(25,900)
Balance at December 31, 2025	–	904	(48,222)	(47,318)
Balance at January 1, 2025	–	1,181	38,048	39,229
Loss for the period	–	–	(5,181)	(5,181)
Other comprehensive loss:				
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	(387)	–	(387)
Total comprehensive loss for the period	–	(387)	(5,181)	(5,568)
Transactions with owners in their capacity as owners				
Dividends *(Note 11)*	–	–	(8,400)	(8,400)
	–	–	(8,400)	(8,400)
Balance at June 30, 2025 (unaudited)	–	794	24,467	25,261
Balance at January 1, 2026	–	904	(48,222)	(47,318)
Loss for the period		–	(1,215)	(1,215)
Other comprehensive income:				
Exchange differences arising from the translation from functional currency to presentation currency of the Company	–	365	–	365
Total comprehensive income/(loss) for the period	–	365	(1,215)	(850)
Transactions with owners in their capacity as owners				
Capital contribution	478	–	–	478
Recognition of redemption liabilities *(Note 28)*	(271,668)	–	–	(271,668)
Buy-back of ordinary shares *(Note 28)*	119,635	–	–	119,635
	(151,555)	–	–	(151,555)
Balance at June 30, 2026 (unaudited)	(151,555)	1,269	(49,437)	(199,723)

31 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Profit/(loss) before income tax	106,213	72,367	(35,381)	49,131	44,841
Adjustments for:					
Depreciation:					
– Investment properties	32	35	36	20	17
– Property, plant and equipment	13,385	13,370	12,985	6,632	6,459
– Right-of-use assets	3,644	3,312	3,467	1,726	1,722
Amortization of intangible assets	363	507	436	267	89
Reversal of impairment of investment properties	–	–	(27)	–	3
Impairment of intangible assets	–	1	3	–	–
Provision for impairment of inventories	509	690	538	447	651
Dividend income from financial assets	(34)	(37)	(35)	(36)	(36)
Finance income	(2,092)	(2,445)	(2,218)	(973)	(711)
Finance costs	20,231	25,902	102,280	4,103	8,960
(Gain)/loss on disposals and write-off of property, plant and equipment	279	(330)	(66)	(704)	(113)
(Gain)/loss on termination of leases	(47)	273	(11)	(8)	(6)
Provision for credit loss allowances of trade and other receivables	3,777	1,054	1,705	670	679
Provision/(reversal of provision) for employee benefit obligation	(1,258)	1,437	253	603	(305)
Fair value gains of financial assets at fair value through profit or loss	(4)	–	(13)	–	(53)
Fair value (gain)/loss of CPS	(27,450)	8,831	44,446	5,883	–
Gain on bargain purchase	–	–	–	–	(1,038)
Loss on liquidation of a subsidiary	–	–	201	–	–
	117,548	124,967	128,599	67,761	61,159
Changes in working capital					
– Inventories	1,205	(6,689)	(1,207)	(3,297)	(3,179)
– Prepayment and other receivables	495	2,631	122	(1,528)	(1,484)
– Trade and bills receivables	24,400	(16,374)	(4,251)	(7,156)	(6,151)
– Trade and other payables and contract liabilities	(24,208)	11,146	(2,631)	(2,414)	(2,801)
Cash generated from operations	119,440	115,681	120,632	53,366	47,544

In the consolidated statements of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Net book amount of property, plant and equipment	790	2,197	1,314	120	777
(Loss)/gain on disposals of property, plant and equipment *(Note 6)*	(279)	330	66	704	113
Proceeds from disposals of property, plant and equipment	511	2,527	1,380	824	890

(b) Non-cash investing activities

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Acquisition of plant and equipment by means of leases	3,670	3,622	2,043	1,434	1,063

(c) Reconciliation of liabilities arising from financing activities:

	Liabilities from financing activities				
	Loans from and amounts due to related parties	Convertible preference shares and dividend payables	Bank and other borrowings	Lease liabilities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at January 1, 2023	7,601	245,467	5,440	12,752	271,260
Financing cash flows	–	(19,500)	(1,776)	(3,140)	(24,416)
Interest paid in financing cash flows	–	–	(194)	(537)	(731)
Accrued dividend for holder of CPS	–	19,500	–	–	19,500
Additions of lease	–	–	–	3,670	3,670
Termination of lease	–	–	–	(735)	(735)
Accrued interest expenses	–	–	194	537	731
Fair value change	–	(27,450)	–	–	(27,450)
Exchange differences	15	(558)	123	(24)	(444)
As at December 31, 2023	7,616	217,459	3,787	12,523	241,385

	Liabilities from financing activities				
	Loans from and amounts due to related parties	Convertible preference shares and dividend payables	Bank and other borrowings	Lease liabilities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at January 1, 2024	7,616	217,459	3,787	12,523	241,385
Financing cash flows	(673)	(24,887)	5,495	(3,118)	(23,183)
Interest paid in financing cash flows	–	–	(478)	(537)	(1,015)
Accrued dividend for CPS holder	–	24,887	–	–	24,887
Additions of lease	–	–	–	3,622	3,622
Termination of lease	–	–	–	(249)	(249)
Modification of lease	–	–	–	333	333
Accrued interest expenses	–	–	478	537	1,015
Fair value change	–	8,831	–	–	8,831
Exchange differences	(28)	1,512	(356)	(538)	590
As at December 31, 2024	6,915	227,802	8,926	12,573	256,216

	Liabilities from financing activities				
	Loans from and amounts due to related parties	Convertible preference shares and dividend payables	Bank and other borrowings	Lease liabilities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at January 1, 2025	6,915	227,802	8,926	12,573	256,216
Financing cash flows	(120)	(11,131)	16,138	(3,319)	1,568
Interest paid in financing cash flows	–	–	(560)	(589)	(1,149)
Accrued dividend for CPS holder	–	101,131	–	–	101,131
Additions of lease	–	–	–	2,043	2,043
Termination of lease	–	–	–	(264)	(264)
Modification of lease	–	–	–	54	54
Accrued interest expenses	–	–	560	589	1,149
Fair value change	–	44,446	–	–	44,446
Loss on liquidation of a subsidiary	–	–	(1,369)	(1,190)	(2,559)
Exchange differences	55	(580)	397	596	468
As at December 31, 2025	6,850	361,668	24,092	10,493	403,103

	Liabilities from financing activities				
	Loans from and amounts due to related parties	Convertible preference shares and dividend payables	Bank and other borrowings	Lease liabilities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at January 1, 2025	6,915	227,802	8,926	12,573	256,216
Financing cash flows	–	(3,600)	542	(1,587)	(4,645)
Interest paid in financing cash flows	–	–	(199)	(304)	(503)
Accrued dividend for CPS holder	–	3,600	–	–	3,600
Additions of lease	–	–	–	1,434	1,434
Termination of lease	–	–	–	(193)	(193)
Accrued interest expenses	–	–	199	304	503
Fair value change	–	5,883	–	–	5,883
Exchange differences	(70)	(2,558)	202	587	(1,839)
As at June 30, 2025 (unaudited)	6,845	231,127	9,670	12,814	260,456

	Liabilities from financing activities					
	Loans from and amounts due to related parties	Convertible preference shares and dividend payables	Redemption liabilities	Bank and other borrowings	Lease liabilities	Total
As at January 1, 2026	6,850	361,668	–	24,092	10,493	403,103
Financing cash flows	120,000	(90,000)	(120,000)	(17,543)	(1,721)	(109,264)
Interest paid in financing cash flows	(2,054)	–	–	(385)	(288)	(2,727)
Additions of lease	–	–	–	–	1,063	1,063
Acquisition of subsidiaries	–	–	–	–	2,959	2,959
Termination of lease	–	–	–	–	(38)	(38)
Accrued interest expenses	2,054	–	6,233	385	288	8,960
Conversion of convertible preference shares	–	(271,668)	–	–	–	(271,668)
Recognition of redemption liability	–	–	271,668	–	–	271,668
Exchange differences	(607)	–	–	470	(21)	(158)
As at June 30, 2026 (unaudited)	126,243	–	157,901	7,019	12,735	303,898

Note:

Non-cash movements include addition of lease, fair value change and exchange difference.

32 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of reporting period but not recognized as liabilities is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Property, plant and equipment and other non-current assets	6,827	3,178	21,330	21,536

33 BUSINESS COMBINATIONS

On March 31, 2026, the Company acquired the entire equity interests in Kiwon Superprecision Co. Ltd and Magnet Co., Ltd (the "Acquisition"). These entities are principally engaged in the manufacturing and trading of electronic devices, heaters, mechanical parts and gun-drilling.

Management engaged an independent valuer to determine and assess the fair values on identifiable assets and liabilities as at the date of acquisition.

The table below summarises the considerations paid and the fair value of assets acquired and liabilities assumed at the date of acquisition.

	Magnet Co., Ltd	Kiwon Superprecision Co. Ltd	Total
	US$'000 (unaudited)	*US$'000* (unaudited)	*US$'000* (unaudited)
Consideration paid:			
– Cash consideration	790	792	1,582
Identifiable assets acquired and liabilities assumed:			
– Cash and cash equivalents	148	499	647
– Trade receivables	516	333	849
– Inventories	765	–	765
– Other assets	252	19	271
– Property, plant and equipment	1,423	761	2,184
– Right-of-use assets	1,648	1,317	2,965
– Intangible assets	17	14	31
– Trade payables	(439)	(78)	(517)
– Lease liabilities	(1,638)	(1,321)	(2,959)
– Other payables and accruals	(887)	(266)	(1,153)
– Employee benefit obligations	(229)	(22)	(251)
– Deferred income tax liabilities	(205)	(7)	(212)
Total identifiable net assets assumed	1,371	1,249	2,620
Less: Gains on bargain purchase *(Note 6)*	(581)	(457)	(1,038)
Net assets acquired	790	792	1,582

A gain on bargain purchase of US$1,038,000 was recognized in the consolidated statement of comprehensive income, as a result of the differences between the consideration paid and the fair value of the net assets acquired, which are the fair value of the identifiable assets acquired and liabilities assumed to their values with reference to the valuation report. In the opinion of the Directors, the gain on bargain purchase is mainly attributable to the immediate cash realization by the seller.

The net cash outflow as a result of the Acquisition is analysed as follow:

	Magnet Co., Ltd	Kiwon Superprecision Co. Ltd	Total
	US$'000 (unaudited)	*US$'000* (unaudited)	*US$'000* (unaudited)
Cash consideration paid	790	792	1,582
Less: Cash and cash equivalents acquired	(148)	(499)	(647)
	642	293	935

34 RELATED PARTY DISCLOSURES

For the purposes of the Historical Financial Information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following individuals and companies were related parties that had transactions or balances with the Group as at and during the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026:

Name of related party	Relationship with the Group
Mr. Yu Young Hee	Controlling shareholder
Mr. Lee Sang Yeol Tommy	Director and shareholder of Tommy & Partners Co., Limited, an intermediate holding company
Mr. Yu Sung Jin	Director and controlling shareholder
Mr. Yu Dong Jin	Controlling shareholder
Ms. Choi Young Hee	Controlling shareholder
Mr. Jun Woo Seok	Director
Mr. Kwon Yohan	Director
Abiman Investment Co., Limited	Immediate holding company
Subsidiaries of Abiman Investment Co., Limited (excluding the Group)	Subsidiaries of the immediate holding company, other than the Company
Tommy & Partners Co., Limited	Intermediate holding company and it is controlled by Mr. Lee Sang Yeol Tommy
Studio 3s Pte. Ltd. and its subsidiaries	A group of companies controlled by a controlling shareholder
Wanfu Investment Co., Limited and its subsidiaries	A group of companies controlled by Mr. Lee Sang Yeol Tommy

(a) Key management compensation

The directors and the chief executive are regarded as the key management of the Group. The compensation paid or payable to the key management is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Short-term employee benefits	3,461	3,824	4,168	2,164	2,207
Pension costs – defined contribution plan	26	28	33	10	22
	3,487	3,852	4,201	2,174	2,229

(b) Transactions with related parties

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Trade nature					
Sales of goods or services *(Note (i))*					
– Subsidiaries of Abiman Investment Co., Limited (excluding the Group)	2,198	2,405	3,401	1,550	1,052
– Wanfu Investment Co., Limited and its subsidiaries	2	105	80	75	–
– Studio 3s Pte. Ltd. and its subsidiaries	–	2	–	–	–
	2,200	2,512	3,481	1,625	1,052
Purchase of goods or services *(Note (i))*					
– Subsidiaries of Abiman Investment Co., Limited (excluding the Group)	305	230	115	77	88
– Wanfu Investment Co., Limited and its subsidiaries	3,144	4,097	3,901	1,864	966
	3,449	4,327	4,016	1,941	1,054

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000* (unaudited)
Non- trade nature					
Other income *(Note (ii))*					
– Subsidiaries of Abiman Investment Co., Limited (excluding the Group)	46	19	16	8	8
– Wanfu Investment Co., Limited and its subsidiaries	43	13	15	6	3
	89	32	31	14	11
Other expenses *(Note (ii))*					
– Subsidiaries of Abiman Investment Co., Limited (excluding the Group)	655	691	2,131	1,469	433
– Wanfu Investment Co., Limited and its subsidiaries	7,021	6,873	6,548	2,948	1,450
– Studio 3s Pte. Ltd. and its subsidiaries	11	8	–	–	–
	7,687	7,572	8,679	4,417	1,883
Interest expenses *(Note (c) (iv))*					
– Abiman Investment Singapore Pte Ltd	–	–	–	–	1,900
– LEE Sang Yeol Tommy	–	–	–	–	154
	–	–	–	–	2,054

Notes:

(i) The sales and purchases with related parties were conducted at commercial terms similar to that of transactions with third party customers and suppliers respectively.

(ii) For all transactions with related parties other than sales and purchases, they were conducted based on terms negotiated and mutually agreed between the Group and the respective related parties.

(c) Balances with related parties

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Trade nature				
Trade receivables *(Note 20)*				
– Subsidiaries of Abiman Investment Co., Limited (excluding the Group)	792	707	893	434
– Wanfu Investment Co., Limited and its subsidiaries	–	–	1	–
	792	707	894	434
Trade payables *(Note 23)*				
– Subsidiaries of Abiman Investment Co., Limited (excluding the Group)	2,107	2,081	2,089	1,923
– Wanfu Investment Co., Limited and its subsidiaries	1,119	1,093	1,093	–
	3,226	3,174	3,182	1,923
Non – trade nature				
Prepayment and other receivables *(Note 20)*				
– Subsidiaries of Abiman Investment Co., Limited (excluding the Group)	2,459	2,201	2,302	2,396
– Wanfu Investment Co., Limited and its subsidiaries	45	1	1	–
– Studio 3s Pte. Ltd. and its subsidiaries	105	85	81	75
	2,609	2,287	2,384	2,471
Other payables *(Note 23)*				
– Subsidiaries of Abiman Investment Co., Limited (excluding the Group)	130	119	434	654
– Wanfu Investment Co., Limited and its subsidiaries	1	3	7	3
– Studio 3s Pte. Ltd. and its subsidiaries	–	–	1	–
	131	122	442	657

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)
Loans				
– Abiman Investment Co., Ltd *(Note (i))*	7,063	6,818	6,754	6,243
– Wanfu Investment Co Limited *(Note (ii))*	96	97	96	–
– Abiman Investment Singapore Pte Ltd *(Note (iv))*	–	–	–	111,000
– LEE Sang Yeol Tommy *(Note (iii) and (iv))*	457	–	–	9,000
	7,616	6,915	6,850	126,243

Notes:

(i) As at December 31, 2023, 2024, 2025 and June 30, 2026, the loans are unsecured, interest free and repayable from 2024 to 2028; 2025 to 2028; 2026 to 2028 and 2026 to 2028, respectively.

(ii) As at December 31, 2023, 2024, 2025 and June 30, 2026, the loans are unsecured, interest free and repayable in 2024, 2025, 2026 and 2027, respectively.

(iii) As at December 31, 2023, the loan is unsecured, interest free and repayable in 2024.

(iv) As at June 30, 2026, the loans are unsecured, at fixed interest rate of 5% per annum and repayable on February 25, 2029.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

35.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to equity holders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

35.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The functional currency of the Company is HK$ and the functional currencies of major operating entities included RMB, Korean Won ("**KRW**"), EURO and US$. The Historical Financial Information are presented in US$, which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in the consolidated statement of profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as FVOCI are recognized in consolidated statements of comprehensive income.

(c) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in the statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in the consolidated statements of comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to consolidated statement of profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in the consolidated statement of profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange difference is reclassified to the profit or loss.

35.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Company who formulate strategic decisions.

35.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

With the exception of freehold land, all other items of property, plant and equipment are depreciated at rates sufficient to write off their original costs to estimated residual values using the straight-line method over their anticipated useful lives in the following manner:

Buildings	10 to 50 years
Leasehold improvements	5 to 20 years or over lease terms, whichever is shorter
Office furniture and equipment	3 to 5 years
Plant and equipment	3 to 20 years
Motor vehicles	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 35.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in consolidated statement of profit or loss.

35.5 Investment properties

Properties that are held for long-term rental yields and not occupied by the Group are classified as investment properties. Investment properties are stated at historical cost less accumulated depreciation and impairment charge, if any. They are depreciated using the straight-line method over the shorter of the estimated useful lives of 20 years and unexpired lease terms. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

When an owner-occupied property becomes an investment property carried at cost because of change in use, its cost and carrying value as at the date of the change are transferred from property, plant and equipment to investment properties. If an investment property becomes owner occupied, it is reclassified as property, plant and equipment.

35.6 Construction-in-progress

Construction-in-progress represents buildings, plant and machinery under construction, installation and testing and is stated at cost. Historical expenditure that is directly attributable to the construction comprises construction costs, the cost of plant and machinery and applicable borrowing costs incurred during the construction period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and available for intended use. When the assets concerned are available for use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated in Note 35.4.

35.7 Goodwill and intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Technology and brand name

Technology and brand name acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses, if any.

(c) Club membership

Club membership has indefinite useful life and is not subject to amortization, as this is a membership held by a subsidiary of the Company. The membership is tested annually for impairment and carried at cost less accumulated impairment losses.

(d) Other intangible assets

All other intangible assets acquired by the Group are shown at historical cost. Intangible assets have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses, if any.

When determining the length of useful lives of these intangible assets, the Group considers the (i) estimated period during which such asset can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market.

(e) Amortization methods and periods

With the exception of membership, the Group amortizes intangible assets with a limited useful life using the straight-line method as follows:

Intellectual property	10 years
Technology	5 years
Brand name	15 years
Other intangible assets	5 years

(f) Research and development

Research expenditure and development expenditure that do not meet the following criteria are recognized as an expense as incurred:

- it is technically feasible to complete the intangible asset so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell intangible asset
- it can be demonstrated how the intangible asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available, and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

35.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation or amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

35.9 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, and an appropriation of direct and indirect labor cost and overhead incurred based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

35.10 Trade and other receivables

Trade and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1(b) for a description of the Group's impairment policies.

35.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

35.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

35.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the credit term. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

35.14 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

As explained in Note 2.2.3, convertible preference shares are classified as liabilities. The dividends on these convertible preference shares are recognized in the consolidated statement of profit or loss as finance costs.

Borrowings are removed from the consolidated statement of financial positions when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in the consolidated statement of profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

35.15 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial positions. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

35.16 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial positions.

(b) Pension obligations

The Group operates various pension schemes. These schemes are generally funded through payments to insurance companies or trustee-administered funds and, where applicable, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate publicly or privately administered pension insurance plan on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions once the fixed contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial positions in respect of the defined benefit retirement plans is the present value of the retirement benefit obligations at the end of the reporting period less the fair value of plan assets. The present value of the retirement benefit obligations are calculated by independent actuary using annual actuarial valuation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the consolidated statements of comprehensive income in the period in which they arise.

(c) Bonus plans

The Group recognizes a liability and an expense for bonuses taking into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

35.17 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

35.18 Interest income

Interest income arising from financial assets at FVPL is included in the net fair value changes of these assets, whereas interest income arising from financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in the consolidated statement of profit or loss as part of other income.

Interest income is included in finance income when it is earned from financial assets held for cash management purposes.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

35.19 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise small items of office furniture.

Rental income from lease arrangements where the Group is a lessor is recognized in income on a straight-line basis over the lease term except when an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased assets. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial positions based on their nature.

35.20 Dividend income

Dividends are received from financial assets at FVOCI. Dividends are recognized as other income in the consolidated statement of profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognized in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

35.21 Dividends distribution

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

35.22 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

36 SUBSEQUENT EVENT

On September 2, 2026, the Group entered into a new banking facilities with a commercial bank for facilities totalling RMB1,380,000,000 (equivalent to approximately US$200,000,000) primarily financing the consideration of the Share Buy-back and to repay the loans from related parties. As the agreement was entered into after 30 June 2026, no adjustment has been made to the Historical Financial Information in respect of this event.

On September 21, 2026, the Company bought back and cancelled the remaining 737,143 shares held by Match Jersey, representing approximately 19.7% of the issued shares of the Company, at a consideration of US$160,000,000. The redemption liabilities has been derecognized upon the completion of the Share Buy Back.

On September 23, 2026, loans from the shareholders totalling HK$624,000,000 (equivalent to approximately US$80,000,000), were capitalized as paid-up share capital of the Company in proportion to the respective shareholdings of the shareholders. Following the completion of such capitalization, the paid-up capital attributable to the Company's issued ordinary shares increased from HK$172,012,600 to HK$796,012,600. No new shares were allotted or issued in connection with the loan capitalization and the Company's shareholding structure remains unchanged.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2025.

The information set out in this Appendix IIA to this document does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this document, and is included herein for illustrative purpose only.

The unaudited **[REDACTED]** *financial information should be read in conjunction with the section entitled "Financial Information" in this document and the Accountant's Report set out in Appendix I to this document.*

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of Yudo Holdings Co., Limited (the "**Company**") and its subsidiaries (the "**Group**") prepared in accordance with Rule 4.29 of the Listing Rules and on the basis set out below, is for illustrative purposes only, and is set out below to illustrate the effect of the **[REDACTED]** on the consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2026 as if the **[REDACTED]** had taken place on June 30, 2026.

The unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the **[REDACTED]** been completed as at June 30, 2026 or any future date following the **[REDACTED]**.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026	**Estimated net [REDACTED] from the [REDACTED]**	**Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company as at June 30, 2026**	**Unaudited [REDACTED] adjusted consolidated net tangible assets per Share**	
	Note 1	*Note 2*		*Note 3*	*Note 4*
	US$'000	*US$'000*	*US$'000*	*US$*	*HK$*
Based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**.	41,145	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**.	41,145	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Group as at June 30, 2026 is extracted from the Accountant's Report set out in Appendix I to this document, and is based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at June 30, 2026 of US$43,937,000 adjusted for the intangible assets and goodwill attributable to the owners of the Company of US$2,792,000 as at June 30, 2026.

2. The estimated net **[REDACTED]** from the **[REDACTED]** are based on the indicative **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**, respectively, after deduction of the **[REDACTED]** fees and other related expenses paid/payable by the Company and takes no account of any Shares which may be issued upon the exercise of the **[REDACTED]** and any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in the document.

3. The unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that **[REDACTED]** Shares were in issue assuming that the **[REDACTED]** and Share Subdivision had been completed on June 30, 2026 and takes no account of (i) [73,714,300] Shares (represents 737,143 Shares prior to Share Subdivision) bought back and cancelled by the Company in September 2026 at consideration of US$160,000,000 pursuant to the Share Buy-Back Agreement; (ii) any Shares which may be issued upon the exercise of the **[REDACTED]** and (iii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in the document. Had the above subsequent event in (i) for the buy-back and cancellation of [73,714,300] Shares (737,143 Shares prior to Share Subdivision) been taken into account, the unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share would be US$**[REDACTED]** or HK$**[REDACTED]** per Share based on the **[REDACTED]** of HK$**[REDACTED]**, and US$**[REDACTED]** or HK$**[REDACTED]** per Share based on the **[REDACTED]** of HK$**[REDACTED]** and on the basis that **[REDACTED]** Shares are in issue.

4. For the purpose of this unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share, the amounts stated in US dollars are converted into Hong Kong dollars at a rate of US$[1.00]to HK$[7.8446]. No representation is made that US dollars amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

5. Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2026, including the capitalization of shareholder loans in the aggregate amount of US$80 million in September 2026.

[REDACTED]

[REDACTED]

[REDACTED]

APPENDIX IIB [REDACTED]

[REDACTED]

This Appendix contains a summary of the Articles of Association of the Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential **[REDACTED]**. *A copy of the Articles of Association is available on display as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available on Display — Documents Available on Display" in Appendix V to this document.*

The Articles of Association were adopted by our Shareholders on [•], which will come into effect upon the Completion of the **[REDACTED]**. The following is a summary of certain provisions of the Articles of Association. The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, other ordinances and subsidiary legislation and the Listing Rules.

CHANGES IN CAPITAL

The Company may from time to time by ordinary resolution alter its share capital in any one or more of the ways set out in section 170 of the Companies Ordinance, including but not limited to:

(a) increasing its share capital by allotting and issuing new shares in accordance with the Companies Ordinance;

(b) increasing its share capital without allotting and issuing new shares, if the funds or other assets for the increase are provided by the members of the Company;

(c) capitalizing its profits, with or without allotting and issuing new shares;

(d) allotting and issuing bonus shares with or without increasing its share capital;

(e) converting all or any of its share into a larger or smaller number of existing shares;

(f) dividing its shares into several classes and attaching thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting";

(g) canceling shares:

  (i) that, at the date of the passing of the resolution for cancelation, have not been taken or agreed to be taken by any person; or

  (ii) that have been forfeited; and

(h) making provision for the issue and allotment of shares which do not carry any voting rights.

The Company may by special resolution reduce its share capital in any manner allowed by law.

Subject to the provisions of the Companies Ordinance and the Articles of Association, all unissued shares in the Company shall be at the disposal of the directors, who may offer, allot, grant options over or otherwise deal with or dispose of the same to such persons, at such times, for such consideration and generally on such terms and conditions as they in their absolute discretion think fit. No shares shall be issued to the bearer.

VARIATION OF RIGHTS

If at any time the share capital is divided into different classes of shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) for the time being in issue may, at any time, as well before as during liquidation, subject to the provisions of the Companies Ordinance, be varied, modified or abrogated either with the consent in writing of the holders of shares representing at least seventy-five (75)% of the total voting rights thereof in that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of the Articles of Association relating to general meeting shall mutatis mutandis apply, but so that the necessary quorum shall be not less than two (2) persons holding or representing by proxy one-third of the total voting rights of holders of shares of that class, and at an adjourned meeting one (1) person holding or his proxy representing shares of that class, and any holder of shares of the class present in person or by proxy may demand a poll. The provisions in this paragraph shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the rights whereof are to be varied.

TRANSFER OF SHARES

The right of members of the Company to transfer their fully-paid shares shall not be restricted (except where permitted by the Stock Exchange) and shall also be free from all lien.

Subject to the Ordinance and the restrictions in the Articles of Association, shares shall be transferable. Subject to the Ordinance and all applicable laws and regulations, including the Securities and Futures Ordinance and the Securities and Futures (Uncertificated Securities Market) Rules (Cap. 571AS), transfers of shares may be effected in uncertificated form through electronic systems, including the UNSRT System, the Central Clearing and Settlement System, or any other system approved by the Stock Exchange or the SFC, without the need for a written instrument of transfer. The Company shall not be responsible for any delay or failure in the electronic system adopted by the Company unless caused by its own default. For certificated shares, the instrument of a transfer of a share shall be in writing and in any usual form or in any other form as the Board may accept and shall be executed by or on behalf of the transferor and by or on behalf of the transferee. The instrument of transfer may be executed by hand only or, if the transferor or transferee is a Clearing House (or its nominee), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof. Nothing in the Articles of Association shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

For certificated shares, every instrument of transfer and other documents relating to or affecting the title to any shares of the Company shall be lodged at the office of the Company for registration (or at such other place as the Board may appoint for such purpose) accompanied by the certificate relating to the shares to be transferred and such other evidence as the Directors may require in relation thereto.

All instruments of transfer which shall be registered shall be retained by the Company, but save where fraud or any other crime involving dishonesty is suspected, any instrument of transfer which the directors refuse to register shall, on demand, be returned to the person lodging the same.

There shall be paid to the Company in respect of the registration of a transfer and of any grant of probate or letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share or for making of any entry in the Register affecting the title to any share such fee (if any) as the directors may from time to time require or prescribed, provided that such fee (if any) shall not exceed the maximum fees as the Stock Exchange may from time to time prescribe or permit.

GENERAL MEETINGS

The Company must in respect of each financial year hold a general meeting as its annual general meeting in addition to any other meetings in that year. The annual general meeting shall be held within 6 months after the end of each financial year and at such place(s) as may be determined by the Directors.

The Directors may whenever they think fit, and shall on requisition in accordance with the Companies Ordinance, convene an extraordinary general meeting.

A general meeting may be held at two (2) or more places using any technology that enables members of the Company who are not together at the same place to listen, speak and vote at such meeting.

NOTICE OF GENERAL MEETINGS

Subject to section 578 of the Companies Ordinance, an annual general meeting shall be called by not less than notice in writing of at least twenty-one (21) days (or such longer period as may be required by the Listing Rules), and any other general meeting shall be called by not less than notice in writing of at least fourteen (14) days (or such longer period as may be required by the Listing Rules).

Subject to sections 576 and 578 of the Companies Ordinance, the notice shall specify the physical venue(s) of the meeting and/or the virtual meeting technology to be used for holding the meeting (as applicable) (and if two or more physical venues are specified, the principal venue of the meeting and the other venues of the meeting), date and time of meeting and the general nature of the business to be dealt with at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. There shall appear on every such notice with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy needs not be a member of the Company. Every notice of meeting shall also state the place and/or the electronic means by which and/or the electronic means by which instruments of proxy are to be deposited if the Board shall have determined that the instruments of proxy may be deposited otherwise than at the office of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in the Articles of Association or required by the Companies Ordinance, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as the annual general meeting, by all the members of the Company entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members of the Company having a right to attend and vote thereat, being a majority together holding not less than ninety-five (95)% of the shares giving that right.

The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice), the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

VOTING AT GENERAL MEETINGS

Subject to the provisions of the Companies Ordinance, the Articles of Association and any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorized at any general meeting shall be entitled, on a show of hands, to one (1) vote only and, on a poll, to one (1) vote for every fully paid-up share of which he is the holder.

On a poll, votes may be given either personally or by proxy or (in the case of a corporate member) by a duly authorized representative. A member entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names stand in the Register in respect of such share.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any vote cast by or on behalf of such member of the Company in contravention of such requirement or restriction shall not be counted.

DIRECTORS NEED NOT BE MEMBERS

A director need not hold any shares in the Company. A director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

BORROWING POWERS

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures, debenture stocks, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTORS

The Company may, from time to time, by ordinary resolution elect any person to be a director either to fill a casual vacancy or as an addition to the board of directors.

No person (other than a director retiring in accordance with the Articles of Association) shall be eligible for election to the office of director at any general meeting under the last paragraph unless:

(i) he is recommended by the board of directors for re-election; or

(ii) he is nominated by notice in writing by a member of the Company (other than the person to be proposed) entitled to attend and vote at the meeting, and such notice of nomination shall be given to the Company Secretary within the seven-day period (or a longer period as may be determined by the directors from time to time) commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than seven (7) days prior to the date appointed for such meeting. The notice of nomination shall be accompanied by a notice signed by the proposed candidate indicating his willingness to be appointed or re-appointed.

Without prejudice to the power of the Company in general meeting in accordance with any of the provisions of these Articles to appoint any person to be a director, the board of directors shall have power, exercisable at any time and from time to time, to appoint any other person as a director, either to fill a casual vacancy or as an addition to the board of directors, provided that the number of directors so appointed shall not exceed the maximum number (if any) determined pursuant to these Articles. Any directors so appointed shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election, but shall not be taken into account in determining the directors or the number of directors who are to retire by rotation at each annual general meeting.

The Company may, at any general meeting convened and held in accordance with the Companies Ordinance, by ordinary resolution remove any director before the expiration of his period of service notwithstanding anything in the Articles of Association or in any agreement between him and the Company (but without prejudice to any claim he may have for damages for termination of such agreement not in accordance with its terms), and may, if thought fit, by ordinary resolution appoint another person in his stead. Any person so elected shall hold office for such time only as the director in whose place he is elected would have held the same if he had not been removed.

The office of a director shall *ipso facto* be vacated if:

(a) if he ceases to be a director by virtue of any provision of the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or he becomes prohibited by law or court order from being a director;

(b) if he becomes bankrupt or a receiving order (or, in the case of a company, a winding up order) is made against him or he makes any arrangement or composition with his creditors generally;

(c) if he is, or may be, suffering from mental disorder and an order is made by a court claiming jurisdiction in that behalf (whether in Hong Kong or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person by whatever name called to exercise powers with respect to his property or affairs;

(d) if he is absent from meetings of the board of directors during a continuous period of six (6) successive months without special leave of absence from the board of directors, and his alternate director (if any) shall not during such period have attended such meetings in his stead, and the board of directors passes a resolution that he has by reason of such absence vacated his office;

(e) if he is removed from office by notice in writing served upon him signed by all other directors;

(f) if he serves on the Company notice of his wish to resign, in which case he shall vacate office on the service of such notice to the Company or such later time as is specified in such notice;

(g) if he is removed by ordinary resolution in accordance with the Companies Ordinance or in the manner provided in the last paragraph;

(h) if he is convicted of an indictable offense; or

(i) (other than subparagraph (h) above) if he is removed in accordance with the Statutes or in the manner provided in the Articles of Association.

If the office of a director is vacated for any reason, he shall cease to be a member of any committee or sub-committee appointed by the board of directors.

DIRECTORS' REMUNERATION AND EXPENSES

The directors shall be entitled to receive by way of remuneration for their services such sum as is from time to time determined by the Company in general meeting, such sum (unless otherwise directed by resolution by which it is voted) is to be divided amongst the directors in such proportions and in such manner as the board of directors may agree, or failing agreement, equally, except that in such event any director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a director who holds any salaried employment or office in the Company in the case of sums paid in respect of directors' fees.

The directors shall also be entitled to be repaid their reasonable traveling, hotel and other expenses incurred by them in or about the performance of their duties as directors, including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or on the discharge of their duties as directors.

The board of directors may grant special remuneration to any director who, being called upon, shall perform any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such director in addition to or in substitution for his ordinary remuneration (if any) as a director, and may, without prejudice to the provisions in relation to ordinary remuneration, be made payable by a lump sum or by way of salary, commission or participation in profits or otherwise as the board of directors may decide.

DIRECTORS' INTERESTS

If a director or any entity connected with the director is in any way, whether directly or indirectly, interested in a transaction, arrangement or contract or proposed transaction, arrangement or contract with the Company, such director shall declare the nature and extent of his interest or his connected entities' interest at a meeting of the directors at which the question of entering into the transaction, arrangement or contract is first taken into consideration, if he knows his interest then exists, or in any other case as soon as reasonably practicable, and in any event at the first meeting of directors after he knows that he is or has become so interested. Such declaration shall be made in accordance with the Companies Ordinance, the Articles of Association and any other requirements prescribed by the Company for the declaration of interests of directors in force from time to time. References to an entity connected with a director shall be construed in accordance with section 486 of the Companies Ordinance.

A general notice in writing given by a director to other directors at a board meeting to the effect that he is a member or a director of a specified company or firm, and is to be regarded as interested in any contract, transaction, arrangement or dealing which may, after the date of the notice, be entered into or made with that company or firm, shall be deemed to be a sufficient declaration of interest in relation to any contract, transaction, arrangement or dealing so entered into or made if such declaration is made in accordance with the provisions of the Companies Ordinance.

A director may:

(i) hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of director for such period and on such terms as the directors may determine and may be paid such extra remuneration for so doing as the directors may determine, either in addition to or in lieu of any remuneration provided for by or pursuant to the Articles of Association;

(ii) act by himself or his firm in a professional capacity for the Company (other than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a director; and

(iii) continue to be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as a shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such other company. The directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favor of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors or officers of such company) and any director may vote in favor of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or is about to be appointed a director or officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Subject to the provisions of the Companies Ordinance, no director or intended director shall be disqualified by his office from contracting with the Company, nor shall any contract, transaction or arrangement entered into by or on behalf of the Company with any director or any firm or company in which any director is in any way interested be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit, remuneration or other benefits realized by any such contract, transaction or arrangement by reason only of such director holding that office or of any fiduciary relationship thereby established, provided that such director shall duly declare the nature and extent of his interest in any contract, transaction or arrangement in accordance with the Articles of Association.

A director shall not vote (or be counted in the quorum) on any resolution of the board of directors in respect of any contract or transaction or arrangement or proposal in which he or any of his close associates, is to his knowledge, materially interested, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to and the directors may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:

(a) the giving by the Company of any security or indemnity to him or any of his close associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(b) the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself or any of his close associates has assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offering of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where he or any of his close associates is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;

(d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:

  (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which he or his close associates may benefit; or

  (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to him, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of him or his close associates any privilege or advantage not generally accorded to the class of persons to whom such scheme or fund relates; and

(e) any contract or arrangement in which he or any of his close associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his interest in shares or debentures or other securities of the Company.

References herein to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract.

If any question shall arise at any board meeting as to the materiality of the interest of a director (other than the chairman of the meeting) or as to the entitlement of any director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to the director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the director or any of his close associates concerned so far as known to him has not been fairly disclosed to the board of directors. If any question as aforesaid shall arise in respect of the chairman of the meeting or any of his close associates, such question shall be decided by a resolution of the board of directors (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman so far as known to him has not been fairly disclosed to the board of directors.

Subject to the provisions of the Companies Ordinance, the Company may by ordinary resolution suspend or relax the provisions of the Articles of Association to any extent or ratify any transaction not duly authorized by reason of a contravention of the Articles of Association.

DIVIDENDS

Subject to the provisions of the Companies Ordinance, the Company may by ordinary resolution declare a dividend to be paid to the members of the Company, according to their respective right and interests in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the directors. No dividend shall be payable except out of the profits or other distributable reserves of the Company.

Unless and to the extent that the Articles of Association or the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls shall be treated as paid on the share.

The directors may, if they think fit, from time to time, resolve to pay to the members such interim dividends as appear to the directors to be justified. If at any time the share capital of the Company is divided into different classes the directors may resolve to pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferred rights as well as in respect of those shares which confer on the holders thereof preferential or special rights in regard to dividend, and provided that the directors act bona fide they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferred rights. The directors may also resolve to pay at half-yearly or at other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of the opinion that the payment is justified.

The board of directors can offer shareholders the right to choose to receive extra shares, which are credited as fully paid up, instead of some or all of their cash dividends. The basis of such allotment shall be determined by the board of directors and the board of directors shall give notice in writing to the shareholders of their rights of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective. The shares allotted shall rank *pari passu* in all respects with the fully paid shares then in issue save only as regards participation in the relevant dividends or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividends.

The directors may distribute in specie or in kind among the members of the Company in satisfaction in whole or in part of any dividend, any of the assets of the Company, and in particular any shares or securities of other companies to which the Company is entitled, and where any difficulty arises in regard to the distribution the board of directors may settle the same as it thinks expedient, and in particular may issue fractional certificates, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the board of directors and may appoint any person to sign any requisite instrument(s) of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where required, a contract shall be filed in accordance with the provisions of the Companies Ordinance and the board of directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.

UNTRACEABLE SHAREHOLDERS

Without prejudice to the rights of the Company, the Company may cease transferring dividend entitlements by electronic means if such transfers have been returned, or sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two (2) consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

The Company shall be entitled to sell, in such manner as the board of directors thinks fit, any shares of a member of the Company, or any shares to which a person is entitled by transmission, if:

(i) all cheques or warrants, being not less than three (3) in a total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorized by the Articles of Association of the Company have remained unsuccessful, uncashed or unclaimed;

(ii) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the shareholder who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or otherwise;

(iii) on or after the expiry of the relevant period the Company has caused advertisements to be published in English in at least one (1) English language newspaper and in Chinese in at least one (1) Chinese language newspaper circulating in Hong Kong giving notice of its intention to sell the share;

(iv) during the period of three (3) months following the publication of those advertisements or the first of the advertisements if they are published on different dates, the Company has not received any communication from a member of the Company or the person entitled by transmission to the share; and

(v) the Company has notified the Stock Exchange of its intention to sell such shares.

For this purpose, "relevant period" means the period commencing twelve (12) years before the date of publication of the relevant advertisement and ending at the expiry of the period referred to in the above sub-paragraph (iii).

To give effect to any such sale pursuant the Articles of Association, the board of directors may authorize any person to transfer the said shares and execute the instrument of transfer. The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such proceeds, it shall become indebted to the former member of the Company by carrying all moneys in respect thereof to a separate account for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it, and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit.

WINDING UP

If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members of the Company in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid-up capital, they shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up on the shares held by them respectively. The winding up is subject to the rights of the holders of any shares which may be issued on special terms or conditions.

If the Company shall be wound up, the liquidator (whether voluntary or official) may, with the sanction of a special resolution, divide among the members of the Company in specie or kind the whole or any part of the assets of the Company or vest any part of the assets of the Company in trustees upon such trusts for the benefit of the members or any of them as the resolution shall provide. Any such resolution may provide for and sanction a distribution of any specific assets amongst different classes of members otherwise than in accordance with their existing rights.

INDEMNITY

Subject to the provisions of the Companies Ordinance and the Articles of Association, but without prejudice to any indemnity to which a director may otherwise be entitled, every director, former director, responsible person, senior management, officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability, loss, or expenses that arise from any form of legal proceedings related to their actual or alleged actions or omissions in their capacity as the Company's official.

FURTHER INFORMATION ABOUT OUR GROUP

Establishment of Our Company

We were incorporated in Hong Kong under the Companies Ordinance as a private company limited by shares on March 20, 2002 under the name of Yudo Co., Limited (柳道實業有限公司). Our registered office is at Room B, 15/F, Everwin Centre, 72 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

Our Company was subsequently renamed to Yudo (China) Co., Limited (柳道實業有限公司) on January 7, 2004, to Yudo (China) Holding Co., Limited (柳道實業控股有限公司) on July 9, 2007, and to its current name Yudo Holdings Co., Limited (柳道實業控股有限公司) on November 26, 2020.

As we were incorporated in Hong Kong, our corporate structure and operations are subject to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association. A summary of certain provisions of our Articles of Association is set out in Appendix III to this document.

Changes in the Share Capital of Our Company

Save as disclosed in the section headed "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes of our Company" to this document, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this document.

Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountant's Report in Appendix I to this document.

Save as disclosed in this sub-section, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

Yudo (Suzhou)

On September 12, 2025, Yudo (Suzhou) increased its registered capital from US$33,100,000 to US$53,100,000.

Major Acquisitions, Disposals and Mergers

Throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any major acquisitions, mergers or disposals.

Resolutions of Our Shareholders

Pursuant to the written resolutions passed by our Shareholders on [•], 2026, among others

(i) the Articles of Association were adopted in substitution of and to the exclusion of the existing articles of association of our Company with effect upon the Completion of the **[REDACTED]**;

(ii) conditional on all the conditions set out in the paragraph headed "Structure of the **[REDACTED]** — Conditions of the **[REDACTED]**" in this document being fulfilled:

(a) the **[REDACTED]**, the **[REDACTED]** and the grant of the **[REDACTED]** were approved and the Directors were authorized to allot and issue the **[REDACTED]** pursuant to the **[REDACTED]** and such number of Shares as may be required to be allotted and issued upon the exercise of the **[REDACTED]**;

(b) a general unconditional mandate would be granted to the Directors to allot, issue and

(c) a general unconditional mandate was granted to our Directors to exercise all the powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which our securities may be **[REDACTED]** and which is recognized by the SFC and the Stock Exchange, such number of Shares that will represent up to 10% of the total number of Shares in issue immediately following completion of the **[REDACTED]** (excluding any Shares which may be issued pursuant to the exercise of the **[REDACTED]**).

Each of the general mandates referred to in paragraphs (b) and (c) above will remain in effect until the earliest of:

(A) the conclusion of our next annual general meeting unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;

(B) the expiration of the period within which our next annual general meeting is required to be held under any applicable laws of Hong Kong and the Articles of Association; or

(C) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) The Share Buy-Back Agreement dated January 20, 2026 entered between the Company and Match Jersey; and

(b) **[REDACTED]**.

Intellectual Property Rights

As of the Latest Practicable Date, our Group had registered the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration number	Class	Owner	Place of registration	Expiry date
1	YUDO	300333314	7	our Company	Hong Kong	6/12/2034
2	YUDO	40-2018-0054195	7	Yudo Korea	Korea	1/4/2029
3	YUDO	17938020	7&9	our Company	the European Union	2/8/2028
4	YUDO	7109074	7&9	our Company	USA	11/7/2033
5	YUDO	5277442	11	Guangdong Yudo	PRC	20/7/2029
6	YUDO	14144290	10	Guangdong Yudo	PRC	20/4/2035

Patents

As of the Latest Practicable Date, our Group had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Patent number	Category	Owner	Place of registration
1	Micro LSR (Liquid Silicone Rubber) Injection Apparatus	1015503840000	Invention	Yudo Co., Ltd.	Korea
2	Cooling Core for Injection Molding Apparatus (ISO Cooling Core)	1016424540000	Invention	Yudo Co., Ltd.	Korea
3	Die-Casting Mold Equipped with Heating Member	1017253340000	Invention	Yudo Co., Ltd.	Korea
4	Injection Mold Equipped with PET Dust Discharge System (PET Dust Discharge Structure Using Air Line)	1018350480000	Invention	Yudo Co., Ltd.	Korea
5	Hot Runner System Equipped with PET Dust Discharge Prevention Device (PET Dust Cooling Bush)	1018018740000	Invention	Yudo Co., Ltd.	Korea
6	PET Dust Discharge Prevention Device Configured in a Hot Runner System	1018018770000	Invention	Yudo Co., Ltd.	Korea
7	Foam Molding Apparatus for Injection Molding, and Method Thereof	1018609090000	Invention	Yudo Co., Ltd.	Korea

No.	Patent	Patent number	Category	Owner	Place of registration
8	Gate Bushing Cooling System for Hot Runner System	1018459470000	Invention	Yudo Co., Ltd.	Korea
9	Hot Runner Manifold System and Manufacturing Method Thereof	1019695410000	Invention	Yudo Co., Ltd.	Korea
10	Hot Runner System Applying Diffusion Bonding	1018751050000	Invention	Yudo Co., Ltd.	Korea
11	Hot Runner System for Two-Shot (Double) Injection Molding	1023995840000	Invention	Yudo Co., Ltd.	Korea
12	PET Preform Hot Runner with Undercut Sealing Cap	1027427280000	Invention	Yudo Co., Ltd.	Korea
13	A Nozzle Tip for Hot Runners	202020106070	Utility	Guangdong Yudo	Germany
14	A Nozzle Tip for Hot Runners	3230210	Utility	Guangdong Yudo	Japan
15	Cylinder Assembly for Hot Runner Injection Moulding Device and HRS Injection Moulding Device (Secondary Stroke Cylinder)	2015 1 0445756.1	Invention	Yudo (Suzhou)	PRC
16	HRS Injection Moulding System for Vehicle Lamps	2016 2 0869887.2	Utility	Yudo (Suzhou)	PRC
17	Temperature Control Water Circuit for Moulds (Conformal Cooling Channel)	2016 2 1194425.1	Utility	Yudo (Suzhou)	PRC
18	Manifold for HRS System (Welded Manifold)	2016 2 1250374.X	Utility	Yudo (Suzhou)	PRC
19	HRS System	2024 2 0999661.9	Utility	Yudo (Suzhou)	PRC
20	HRS System (A Thick Film Heater)	2025 2 0175515.9	Utility	Yudo (Suzhou)	PRC
21	An Injection Moulding 3D Printing HRS System	2020 2 1462315.5	Utility	Guangdong Yudo	PRC
22	A Square Plate Multi-Cavity Hot Nozzle and HRS System	2020 2 0945574.7	Utility	Yudo (Qingdao)	PRC

Copyrights

As of the Latest Practicable Date, our Group did not have any material copyright.

Domain Names

As of the Latest Practicable Date, our Group had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Expiry date
1.	yudo.com	Yudo (Suzhou)	14/10/2029

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Service Contracts

Each of our Directors has entered a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; and (b) subject to termination in accordance with their respective terms. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

Remuneration of Director

Save as disclosed in "Directors and Senior Management — Remuneration" in this document, none of the Directors received other remuneration from our Company for each of the years ended December 31, 2023, 2024 and 2025, and for the six months ended June 30, 2026.

Disclosure of Interests

(a) Interests of our Directors and chief executive in the share capital of our Company and its associated corporations

Save as disclosed below, immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and **[REDACTED]**), so far as our Directors are aware, none of our Directors or chief executive has any interests and/or short positions in our Shares, underlying Shares or debentures of our Company or any of 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 and short positions in 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 to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

Interest in our Company

Shareholder	Nature of interest	Shares held after the Share Subdivision and immediately prior to the completion of the [REDACTED]		Shares held immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised)[1]		Shares held immediately after completion of the [REDACTED] (assuming the [REDACTED] is exercised in full)[1]	
		Number	Percentage	Number	Percentage	Number	Percentage
Mr. Lee Sang Yeol Tommy[2]	Interest in controlled corporation	59,194,700	19.67%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) As of the Latest Practicable Date, Tommy & Partners Co., Ltd was wholly owned by Mr. Lee Sang Yeol Tommy. As such, by virtue of the SFO, Mr. Lee Sang Yeol Tommy is deemed to be interested in the Shares held by Tommy & Partners Co. Ltd.

(b) Interests of the Substantial Shareholders

Save as disclosed in "Substantial Shareholders" to this document, "— Further Information about Our Directors and Substantial Shareholders — Disclosure of Interests — (a) Interests of our Directors and chief executive in the share capital of our Company and its associated corporations" in this section, immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and **[REDACTED]**), our Directors are not aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the Shares or underlying Shares of our Company 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 any other member of our Group.

Disclaimers

Save as disclosed in this document:

(a) none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 to be notified to us and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed on the Hong Kong Stock Exchange;

(b) none of our Directors is aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the Shares or underlying Shares of our Company 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 any other member of our Group;

(c) none of our Directors, their respective close associates (as defined under the Hong Kong Listing Rules) or Shareholders who own more than 5% of the number of issued Shares of our Company have any interests in the top five customers or suppliers of our Group; and

(d) none of our Directors or any of the parties listed in "Qualifications of Experts" in this section is: (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon our Group.

Litigation

As of the Latest Practicable Date, so far as our Directors are aware, no litigation or claim of material importance was pending or threatened by or against any member of our Group.

Joint Sponsors

The Joint Sponsors made an application on our behalf to the Listing Committee for the **[REDACTED]** of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the **[REDACTED]** (including any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]**).

Each of the Joint Sponsors confirms that it satisfies the independence criteria applicable to a sponsor set out in Rule 3A.07 of the Listing Rules.

Our Company agreed to pay the Joint Sponsors an aggregate fee of approximately US$1 million to act as the sponsor in connection with the **[REDACTED]**.

Compliance Adviser

Our Company has appointed Fosun International Capital Limited as our compliance adviser in compliance with Rules 3A.19 of the Hong Kong Listing Rules.

Qualifications of Experts

The qualifications of the experts (as defined under the Hong Kong Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed corporation under the SFO to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under 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 Limited	Independent industry consultant
KIM & CHANG	Legal Advisor as to Korean laws in relation to our business operations in Korea
Akin Gump Strauss Hauer & Feld LLP	International Sanctions Legal Advisor to our Company
Haiwen & Partners	PRC Legal Advisor

Each of the experts named above has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respectively included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2026 (being the date to which the latest consolidated financial statements of our Group were prepared).

Preliminary Expenses

Our Company has not incurred any material preliminary expenses.

Promoter

Our Company has no promoter for the purpose of the Listing Rules.

Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) none of the equity and debt securities of our Company, if any, is listed or dealt with on any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(i) our Company has no outstanding convertible debt securities or debentures.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Statutory and General Information — Other Information — Qualifications of Experts" in Appendix IV to this document; and

(b) a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.yudo.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountant's Report from PricewaterhouseCoopers, the text of which is set forth in Appendix I to this document;

(c) the audited consolidated financial statements of our Company for the years ended December 31, 2023, 2024 and 2025 and for the [nine] months ended [September 30], 2026;

(d) the report from PricewaterhouseCoopers on the unaudited **[REDACTED]** financial information of our Group, the text of which is set forth in Appendix IIA to this document;

(e) the letters from PricewaterhouseCoopers and the Joint Sponsors relating to the **[REDACTED]** of our Group for the year ended [December 31, 2026], the text of which is set forth in Appendix IIB to this document;

(f) the material contracts in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix IV to this document;

(g) the written consents referred to in "Statutory and General Information — Other Information — Qualifications of Experts" in Appendix IV to this document;

(h) the service contracts referred to in "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — Service Contracts" in Appendix IV to this document;

(i) the legal opinion issued by KIM & CHANG, our Legal Advisor as to Korean laws in relation to our business operations in Korea;

(j) the legal memorandum issued by Akin Gump Strauss Hauer & Feld LLP, our International Sanctions Legal Advisor;

(k) the legal opinions issued by Haiwen & Partners, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law; and

(l) the industry report issued by Frost & Sullivan, the summary of which is set forth in "Industry Overview".