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Application Proof of

Qingdao Gon Technology Co., Ltd.
青島國恩科技股份有限公司

(the "**Company**")

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

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QINGDAO GON TECHNOLOGY CO., LTD.
青島國恩科技股份有限公司

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

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Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED] plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[●]**

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SUMMARY

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

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OVERVIEW

Who We Are

We are a PRC-based supplier of new chemical materials and upstream and downstream products derived from gelatin and collagen. Serving the chemical industry and the health and wellness industry, we primarily engage in the R&D, production, and sales of our products for industrial and commercial use. For our chemicals segment, our customers include manufacturers from downstream industries (such as automobiles, new energy and home appliances) and supply chain solution providers of downstream manufacturers. For our health and wellness segment, our customers mainly include medical and pharmaceutical manufacturers who use our products as raw materials for their production of downstream products such as supplements and medicines.

In the field of chemicals, we focus on marking our footprints along the new chemical materials industry chain that we have a product offering that covers upstream (i.e. our green petrochemical materials, such as alkenes aromatics, styrene, polystyrene) and midstream (i.e. organic polymer modified materials and organic polymer composite materials) of the industry value chain; and our downstream customers utilise our products as raw materials for their product manufacturing and performance optimisation. Laying our foundation on our organic polymer material modification business, we have expanded upstream into the R&D and production of green petrochemical materials such as styrene, polystyrene (PS), expandable polystyrene (EPS), and polypropylene (PP). Meanwhile, we continue to strengthen our downstream layout by exploring diverse applications in downstream industries such as electronics and appliances, automotive, new energy, and energy storage industries. According to Frost & Sullivan, in 2024, we ranked as China's second-largest organic polymer modified materials and organic polymer composite materials enterprise by sales revenue with a market share of 2.5%. Additionally, we are China's largest polystyrene enterprises by production capacity in 2024.

In the field of health and wellness, we focus on natural bone collagen and vertically extend to the downstream of the industry chain. Over the last few decades, our major subsidiary, Dongbao Bio-Tech has vertically extended from collagen to "collagen+" with a product portfolio that covers collagen peptides-based/derived raw materials to end products, gradually exploiting the niche segments of the health and wellness industry which allow us to enjoy economies of scale. According to Frost & Sullivan, in terms of production, we were the second-largest bone gelatin producer in the Chinese market and the largest domestic bone gelatin producer in China in 2024. Furthermore, we were also the second-largest domestic empty capsules producer in China in 2024.

During the Track Record Period, we experienced strong growth in revenue. For FY2022, FY2023 and FY2024, our revenue was RMB13,406.4 million, RMB17,438.8 million and RMB19,187.5 million, respectively, representing a CAGR of 19.6% from FY2022 to FY2024. For 10MFY2025, we record revenue of RMB17,443.9 million.

For FY2023, FY2024, and 10MFY2025, our sales increased by 30.1%, 10.0%, and 10.0% year-on-year/period-on-period, respectively. As the primary downstream application of our products is in the household appliance sector during the Track Record Period, which is a relatively mature market with intensive competition, we have adopted a relatively competitive pricing strategy for our customers in such sector to safeguard our market position and sales volume, which in turn slowed down the pace of our overall sales growth in FY2024 and 10MFY2025 as compared with FY2023. We will continue to cultivate innovation through research and development, broaden our product portfolio, and expand downstream applications of our products to promote sales growth.

Our Business and Products

Chemicals

We have successfully built three growth engines in the field of chemicals, namely: (i) green petrochemical materials, (ii) organic polymer modified materials, and (iii) organic polymer composite materials, forming a vertically integrated value chain spanning "monomers – synthetic resins – organic polymer modified materials/organic polymer composite materials – end products". Applications of our products cover a wide range of major industries, including home appliances, automotive, new energy, consumer electronics, packaging, healthcare, and biodegradable materials.

In relation to our green petrochemical materials business, in FY2023, we received a payment of one-off government grant of approximately RMB10.0 million for the setup of the green petrochemicals production base in Zhejiang. We believe that our development in the green petrochemical materials segment does not only form part of our vertical integration but also allow us to seize opportunities arising from the favourable industry landscape supported by various government policies at national and provincial level.

To further enhance our vertically integrated model, we have strategically invested in Gon Chemical (Dongming). Leveraging Gon Chemical (Dongming)'s modernized production lines for basic organic chemical raw materials, we have expanded into the upstream chemical monomers and fine chemicals segment.

For our chemicals segment, we have established a full-process quality management system spanning raw materials to finished products. Our system emphasizes cross-departmental collaboration and our quality standards are formulated with reference to relevant laws and regulations, industry standards, customer requirements and internal protocols. We implement such quality standards in various critical procedures. For details of our quality control policies and procedures, please see "Business — Quality Control".

Health and Wellness

With our expertise in natural collagen, we have vertically expanded into the downstream segments that covers the value chain from raw materials (i.e. our gelatin, collagen peptides), containers for dosage forms of medication or supplement (i.e. our empty capsules) to consumer products (i.e. our collagen+ series). We continuously develop and widen our offerings to include high-value-added collagen derivatives products, gradually expanding applications to penetrate sub-segments of the larger health and wellness market, including "medical, beauty, wellness, food" (醫、美、健、食) segments as well as emerging niche such as the advanced materials segment.

For the health and wellness segment, as our products directly affect the safety, consistency, and efficacy of downstream pharmaceuticals and health supplements, we strictly adhere to national laws, regulations, and industry standards and have established a comprehensive quality management system that covers all aspects, including supplier selection, raw material procurement, manufacturing, product testing, and after-sales service. For details of our quality control policies and procedures, please see "Business — Quality Control".

During the Track Record Period and up to the Latest Practicable Date, we had not received product-related complaint that may have a material and adverse impact on our Group.

During the Track Record Period and up to the Latest Practicable Date, there were no material product returns, product recalls or complaints from our customers.

OUR COMPETITIVE STRENGTHS

We attribute our success to the following competitive strengths:

- Established market presence in China's organic polymer modified materials market empowered by our vertically integrated model
- Strategic layout in the health and wellness segment which forms one of our dual growth drivers under our "One Core, Two Wings" (一體兩翼) strategy
- With years of industry experience and commitment to pioneering through continuous innovation, we possess capabilities in R&D and in meeting diverse customer needs across different sectors.
- We have established long-term relationships with leading enterprises leveraging our strong reputation
- Founders and management team with vision, keen industry insights and rich experience

OUR STRATEGIES

We plan to implement the following strategies to capture growing market opportunities and further solidify our market position:

- Develop overseas markets through investing in Hong Kong and deploying overseas production capacity
- Continue to expand production capacity layout to maintain economies of scale and increase market share
- Driving high-quality development in the health and wellness with high value-added, technologically advanced products as the engine
- Further enhance R&D capabilities to explore high-value products and improve production efficiency
- Extend the industrial chain through acquisition or investment and strengthen the innovation chain

OUR CUSTOMERS AND SUPPLIERS

For our chemicals segment, our customers include manufacturers from downstream industries (such as automobiles, new energy and home appliances industry that utilize our new chemical materials for their production) and supply chain solution providers of downstream manufacturers. For our health and wellness segment, our customers mainly include medical and pharmaceutical manufacturers who use our products as raw materials for their production of downstream products. We also manufacture and sell collagen peptides-based products under our own brands to end consumers, which represented approximately 0.1% of our total revenue during the Track Record Period. The aggregate revenue from our top five customers for FY2022, FY2023, FY2024 and 10MFY2025 accounted for 40.9%, 25.7%, 23.3% and 24.4%, respectively, of our total revenue during the same year/period.

The principal raw materials used for our chemicals production is resins; and bone pellets for our health and wellness products production. We generally source our raw materials from local suppliers in the PRC. Our top five suppliers for FY2022, FY2023, FY2024 and 10MFY2025 together accounted for 42.5%, 35.3%, 35.5% and 23.7%, respectively, of our total purchases during the same year/period.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

The following table summarizes the consolidated statements of profit or loss and other comprehensive income during the Track Record Period, details of which are set out in "Appendix I – Accountants' Report" to this document.

	FY2022	FY2023	FY2024	10MFY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	13,406,440	17,438,779	19,187,511	15,863,106	17,443,865
Cost of sales	(11,826,476)	(15,838,017)	(17,595,339)	(14,580,724)	(15,632,844)
Gross Profit	1,579,964	1,600,762	1,592,172	1,282,382	1,811,021
Other income, gains and losses, net	16,245	46,909	337,522	189,095	95,708
Selling and distribution expenses	(90,955)	(122,354)	(135,046)	(106,515)	(115,107)
Administrative expenses	(231,085)	(253,707)	(252,315)	(190,949)	(253,875)
Research and development costs	(386,387)	(566,257)	(591,284)	(446,219)	(548,933)
Finance costs	(100,876)	(122,742)	(144,568)	(112,756)	(151,781)

	FY2022	FY2023	FY2024	10MFY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Share of result of a joint venture	–	–	(5,414)	(2,755)	(14,604)
Share of results of associates	(1,688)	(4,678)	(3,992)	(2,997)	(2,544)
Profit before tax	785,218	577,933	797,075	609,286	819,885
Income tax expense	(60,858)	(38,323)	(76,489)	(65,182)	(98,902)
Profit for the year	724,360	539,610	720,586	544,104	720,983
Attributable to the following parties:					
– Owners of the Company	663,412	471,478	685,232	508,326	712,646
– Non-controlling Interest	60,948	68,132	35,354	35,778	8,337
	724,360	539,610	720,586	544,104	720,983

Revenue

The following table provides the breakdown of our revenues by type of product or service during the Track Record Period:

	FY2022		FY2023		FY2024		10MFY2024		10MFY2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Chemicals										
Green petrochemical materials	1,195,790	8.9	3,059,177	17.5	3,869,138	20.2	3,126,005	19.7	3,906,284	22.4
Organic polymer composite materials	1,995,218	14.9	2,757,256	15.8	3,175,422	16.5	2,814,821	17.7	3,173,907	18.2
Organic polymer modified materials	7,597,487	56.7	9,744,718	55.9	10,324,910	53.8	8,355,511	52.7	8,832,676	50.6
Others *(note 1)*	1,674,548	12.5	903,116	5.2	965,465	5.1	865,372	5.5	928,475	5.3
Subtotal	12,463,043	93.0	16,464,267	94.4	18,334,935	95.6	15,161,709	95.6	16,841,342	96.5
Health and Wellness										
Gelatin, collagen and their derivatives *(note 2)*	652,892	4.9	662,452	3.8	483,574	2.5	403,104	2.5	271,570	1.6
Empty capsules	284,999	2.1	307,963	1.8	366,635	1.9	291,170	1.8	329,701	1.9
Others *(note 3)*	5,506	0.0	4,097	0.0	2,367	0.0	7,122	0.0	1,252	0.0
Subtotal	943,397	7.0	974,512	5.6	852,576	4.4	701,396	4.4	602,523	3.5
Total	13,406,440	100.0	17,438,779	100.0	19,187,511	100.0	15,863,106	100.0	17,443,865	100.0

Note 1: Revenue from others of chemicals segment mainly included sales of chemical raw materials we purchased from third-party suppliers to our customers. As part of our dynamic inventory management and to satisfy needs of our customers who are manufacturers in different industries and may need the same chemical raw materials for their production, depending on the market prices of raw materials, we may sell our inventory to our customers. For FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, such sales amounted to RMB1,669.2 million, RMB896.1 million, RMB957.2 million, RMB858.7 million and RMB918.0 million, respectively.

Note 2: Include (i) raw materials products, such as gelatin, collagen peptides supplied to B2B customers who are manufacturers in downstream industries, such as pharmaceutical, medical and healthcare product manufacturers, and (ii) B2C products such as collagen-based health supplements, nutritional and wellness products as well as skincare products, targeting end consumers.

Note 3: Revenue from others of health and wellness industry segment included leasing income derived from letting out part of our obsolete factory in Qingdao owned by Yiqing Bio-tech.

For analysis on the fluctuation of sales volume and average selling price of each product during the Track Record Period please refer to "Financial Information — Comparison of operation results between periods." Revenues by types of goods or service.

Gross Profit and Gross Profit Margin

	FY2022		FY2023		FY2024		10MFY2024		10MFY2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chemicals										
Green Petrochemical materials	71,075	5.9	147,119	4.8	168,431	4.4	144,667	4.6	218,550	5.6
Organic polymer composite materials	260,160	13.0	274,013	9.9	279,067	8.8	252,628	9.0	393,716	12.4
Organic polymer modified materials	1,012,647	13.3	910,360	9.3	918,492	8.9	713,907	8.5	1,035,237	11.7
Others	11,731	0.7	28,642	3.2	28,546	3.0	13,969	1.6	27,859	3.0
Subtotal	1,355,613	10.9	1,360,134	8.3	1,394,536	7.6	1,125,171	7.4	1,675,362	9.9
Health and wellness										
Gelatin, Collagen and their derivatives	159,538	24.4	170,824	25.8	121,040	25.0	98,240	24.4	57,667	21.2
Empty capsules	64,422	22.6	69,337	22.5	76,548	20.9	53,317	18.3	77,135	23.4
Others	391	7.1	467	11.4	48	2.0	5,654	79.4	857	68.4
Subtotal	224,351	23.8	240,628	24.7	197,636	23.2	157,211	22.4	135,659	22.5
Total	1,579,964	11.8	1,600,762	9.2	1,592,172	8.3	1,282,382	8.1	1,811,021	10.4

Profit for the year/period

For FY2022, FY2023, FY2024 and 10MFY2025, profit for the year/period amounted to RMB724.4 million, RMB539.6 million, RMB720.6 million and RMB721.0 million, respectively.

Our profit for the year decreased by 25.5% from RMB724.4 million in FY2022 to RMB539.6 million in FY2023, which was primarily due to increase in our research and development expenses. Our research and development expenses increased in FY2023, mainly due to (i) our increased research and development efforts and (ii) the increased consumption of materials in our research and development projects.

Our profit for the year increased by 33.5% from RMB539.6 million in FY2023 to RMB720.6 million in FY2024, which was primarily due to increase in other income and gains. Our other income and gains increased in FY2024, primarily attributable to (i) an increase in additional value added tax deduction by RMB64.9 million and (ii) increase in gain on bargain purchase of RMB168.2 million, resulting from acquisition of Hong Kong Petrochemical and Gon Chemical (Dongming) in FY2024. Gain on bargain purchase represents the differences between (i) the fair value of these newly acquired subsidiaries, including the liabilities assumed as of the acquisition date, and (ii) the consideration paid.

Our profit for the period increased by 32.5% from RMB544.1 million in 10MFY2024 to RMB721.0 million in 10MFY2025, primarily due to the increase in revenue period-on-period. Our revenue increased, mainly due to (i) an increase in revenue from the chemicals segment, which was primarily attributable to enhanced research and development, production, and marketing efforts at our green petrochemical bases, including the Zhejiang (Zhoushan) and Jiangsu (Yizheng) bases, as we continued to develop key technologies in polystyrene polymerization and polypropylene polymerization and related industries and application areas of our products, which contributed to the growth of sales volume of our green petrochemical material products and (ii) improved gross profit margins of both of our chemicals and health and wellness segments; partially offset by (iii) the decline in revenue from the health and wellness segment.

For details, please see "Financial Information – Comparison of operation results between periods."

Please refer to "Financial Information — Gross profit and gross margin", for our strategies to improve our profitability and gross profit margin.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position for the years/period indicated:

	As at 31 December			As at 31 October	As at 30 November
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
CURRENT ASSETS					
Inventories	2,432,520	3,085,150	3,377,655	3,790,374	3,856,888
Trade and bills receivables	2,168,869	3,065,314	3,454,614	3,525,973	3,265,530
Bill receivables at FVTOCI	207,275	221,913	356,224	481,612	440,986
Other receivables, deposits and prepayments	1,640,077	888,210	797,673	864,316	866,853
Financial assets at fair value through profit or loss ("FVTPL")	1,247	31,156	2,471	–	–
Pledged bank deposits	687,928	1,262,016	1,010,203	957,866	1,109,112
Bank balances and cash	1,298,034	1,744,791	2,014,764	2,160,454	2,241,514
Total current assets	8,435,950	10,298,550	11,013,604	11,780,595	11,780,883
NON-CURRENT ASSETS					
Total non-current assets	4,324,902	4,754,655	7,337,844	7,656,269	7,682,676
CURRENT LIABILITIES					
Trade and other payables	3,374,070	4,348,296	4,755,502	4,828,937	4,659,469
Contract liabilities	120,571	99,472	81,650	67,038	47,781
Tax liabilities	26,264	9,313	39,711	14,485	23,407
Bank and other borrowings	1,725,921	1,895,339	2,217,366	2,852,517	2,874,232
Convertible bonds	–	327,018	340,635	351,829	353,194
Lease liabilities	14,669	10,806	20,711	20,913	21,295
Total current liabilities	5,261,495	6,690,244	7,455,575	8,135,719	7,979,378

	As at 31 December			As at 31 October	As at 30 November
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
NON-CURRENT LIABILITIES					
Total non-current liabilities	1,598,507	1,982,994	3,863,544	3,712,503	3,817,631
NET CURRENT ASSETS	3,174,455	3,608,306	3,558,029	3,644,876	3,801,505
NET ASSETS	5,900,850	6,379,967	7,032,329	7,588,642	7,666,550

Our net current assets increased by 13.7% or RMB433.8 million from RMB3,174.5 million as of 31 December 2022 to RMB3,608.3 million as of 31 December 2023, attributable mainly to (i) an increase in inventories by RMB652.6 million, (ii) an increase in trade and bills receivables by RMB896.4 million and (iii) an increase in pledged bank deposits by RMB574.1 million, partially offset by (i) a decrease in other receivables, deposits and prepayments by RMB751.9 million and (ii) an increase in trade and other payables by RMB974.2 million.

Our net current assets decreased by 1.4% or RMB50.3 million from RMB3,608.3 million as of 31 December 2023 to RMB3,558.0 million as of 31 December 2024, primarily attributable to (i) decrease in pledged bank deposits of RMB251.8 million, (ii) increase in trade and other payables by RMB407.2 million, and (iii) increase in bank and other borrowings by RMB322.0 million, partially offset by (i) increase in inventories by RMB292.5 million, (ii) increase in trade and bills receivables by RMB389.3 million, and (iii) increase in bank balances and cash by RMB270.0 million.

Our net current assets increased by 2.4% or RMB86.8 million, from RMB3,558.0 million as of 31 December 2024 to RMB3,644.9 million as of 31 October 2025, primarily due to (i) increase in inventories by RMB412.7 million; (ii) increase in bank balances and cash by RMB145.7 million; (iii) increase in bill receivables at FVTOCI by RMB125.4 million; (iv) increase in trade and bill receivables by RMB71.4 million; (v) increase in other receivables, deposits and prepayments by RMB66.5 million, partially offset by (i) increase in bank and other borrowings by RMB635.2 million; (ii) increase in trade and other payables by RMB73.4 million; (iii) decrease in pledged bank deposits by RMB52.3 million.

Our net assets amounted to RMB5,900.9 million, RMB6,380.0 million, RMB7,032.3 million and RMB7,588.6 million, as at 31 December 2022, 2023 and 2024 and 31 October 2025, respectively. Our net assets increased to RMB5,900.9 million as at 31 December 2022, primarily attributable to (i) total comprehensive income of RMB724.4 million for the year; (ii) contribution from a non-controlling shareholder of subsidiary leading to increase in capital reserve and non-controlling interests of RMB60.3 million; partially offset by (iii) dividend recognized as distribution and dividends paid to non-controlling shareholders of subsidiaries of RMB70.6 million. Our net assts increased to RMB6,380.0 million as at 31 December 2023,

primarily attributable to (i) total comprehensive income of RMB539.6 million for the year; (ii) issue of convertible bonds by Dongbao Bio-Tech, a subsidiary of the Group, resulting in increase in non-controlling interest of RMB19.2 million; partially offset by (iii) dividend recognized as distribution and dividends paid to non-controlling shareholders of subsidiaries of RMB80.0 million. Our net assets increased to RMB7,032.3 million as at 31 December 2024, primarily attributable to (i) total comprehensive income for the year of RMB720.6 million; (ii) acquisition of subsidiaries, leading to increase in non-controlling interests of RMB186.7 million; partially offset by (iii) the reduction of capital reserves and non-controlling interests by RMB66.5 million due to acquisitions of additional interests from non-controlling shareholders of subsidiaries; (iv) shares repurchased leading to increase in treasury shares of RMB130.3 million; and (v) dividend recognized as distribution and dividends paid to non-controlling shareholders of subsidiaries of RMB58.6 million. Our net assets further increased to RMB7,588.6 million as at 31 October 2025, primarily attributable to (i) total comprehensive income of RMB721.0 million for the year; partially offset by (ii) the reduction of capital reserves and non-controlling interests by RMB12.1 million due to acquisitions of additional interests from non-controlling shareholders of subsidiaries; (iii) increase in non-controlling interests by RMB56.1 million, due to share repurchased by Dongbao Bio-Tech, a subsidiary of the Company; and (iv) dividend recognized as distribution and dividends paid to non-controlling shareholders of subsidiaries of RMB85.6 million.

For details, please see "Financial Information – Selected Items of Consolidated Statements of Financial Position."

Summary of Consolidated Statements of Cash Flows

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

	FY2022	**FY2023**	**FY2024**	**10MFY2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net cash from operating activities	290,016	485,591	507,393	618,394
Net cash used in investing activities	(790,301)	(744,621)	(809,297)	(582,222)
Net cash from financing activities	938,897	705,119	570,453	119,413
Net increase in cash and cash equivalents	438,612	446,089	268,549	155,585
Cash and cash equivalents at the end of the year	1,298,034	1,744,791	2,014,764	2,160,454

For details, please see "Financial Information – Cash Flows."

Key Financial Ratios

	For the year ended/As at 31 December			For the ten months ended/ As of 31 October
	2022	2023	2024	2025
Current ratio[(1)]	1.6 times	1.5 times	1.5 times	1.4 times
Quick ratio[(2)]	1.1 times	1.1 times	1.0 times	1.0 times
Return on equity[(3)]	12.3%	8.5%	10.2%	9.5%
Return on total assets[(4)]	5.7%	3.6%	3.9%	3.7%
Gearing ratio[(5)]	53.5%	63.8%	88.6%	88.4%

(1) Current ratio is calculated by dividing current assets with current liabilities as at the end of the respective year/period.

(2) Quick ratio is calculated by dividing total current assets net of inventory with current liabilities as at the end of the respective year/period.

(3) Return on equity is calculated by profit for the annualised profit for the period divided by total equity as at the end of the respective year/period multiplied by 100%.

(4) Return on total assets is calculated by profit for the annualised profit for the period divided by total assets as at the end of the respective year multiplied by 100%.

(5) Gearing ratio is calculated based on the total interest-bearing debt divided by total equity as at the end of respective year/period multiplied by 100%.

For details, please see "Financial Information – Key Financial Ratios."

[REDACTED]

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks and uncertainties, including (i) risks relating to our business and industries; (ii) risks relating to the [**REDACTED**]; and (iii) risks relating to information contained in this document, which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to [**REDACTED**] in the [**REDACTED**]. Some of the major risks we face include, but are not limited to:

- We rely on a stable and consistent supply of quality raw materials which are subject to price fluctuations and other risks;
- Any material disruption to our production facilities and production base may adversely affect our business;
- We may not be able to compete effectively in the markets where we operate;
- Our business is affected by changes in customer preferences and demands of our products and our downstream industries; and
- We are subject to credit risks.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that subsequent to the Track Record Period and up to the date of this document, there have been no material adverse changes in our business.

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial, trading position or prospects since 31 October 2025 and there has been no event since 31 October 2025 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

After 31 October 2025, our operation and business remained normal and stable. Our revenue for the year ended 31 December 2025 is expected to surpass that of FY2024, and we expect to record a growth in our net profit that is in line with the expected growth in our revenue.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since 2015, our Company has been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Adviser advised us that during the Track Record Period and until the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A Share listing applicable to us in all material respects. Based on the filings on the website of the Shenzhen Stock Exchange and the information available in the public domain during the Track Record Period and up to the Latest Practicable Date, our PRC Legal Adviser is of the view that the above confirmation of our Directors with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange in any material respect.

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was held by Mr. Wang, Xinghao Investment and Ms. Xu as to approximately 46.45%, 6.64% and 3.32%, respectively. Xinghao Investment is owned as to 83.30% by Ms. Xu, who is the spouse of Mr. Wang.

Immediately following the completion of the [**REDACTED**], Mr. Wang, Ms. Xu and Xinghao Investment, will hold in aggregate approximately [**REDACTED**] of the total issued share capital of our Company (including the treasury shares). Accordingly, Mr. Wang, Ms. Xu and Xinghao Investment will be regarded as a group of Controlling Shareholders upon [**REDACTED**]. For further details, please see the section headed "Relationship with our Controlling Shareholders".

As at the Latest Practicable Date, Mr. Wang has pledged 32,520,000 A Shares for financing needs, representing approximately 11.99% of the total issued share capital of our Company (including treasury shares) as security in favour of certain PRC financial institutions regulated by the CSRC (the "**Share Pledges**"). The Share Pledges are subject to certain material covenants such as periodic update on use of funds obtained under the Share Pledges, margin close-out and loan-to-share ratio. For further details, please see the section headed "Substantial Shareholders — Share Pledges by Mr. Wang".

[**REDACTED**] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are issued pursuant to the [**REDACTED**]; and (ii) [**REDACTED**] Shares (excluding treasury shares) are issued and outstanding following the completion of the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED] per H Share	**Based on an [REDACTED] of HK$[REDACTED] per H Share**
Market capitalization of our Shares . . .	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted net tangible asset per Share.	HK$[**REDACTED**] (RMB[**REDACTED**])	HK$[**REDACTED**] (RMB[**REDACTED**])

Notes:

(1) The calculation of market capitalization of our Shares is based on (i) [**REDACTED**] H Shares expected to be issued; and (ii) [271,250,000] A Shares in issue with a closing price of RMB52.68 (equivalent to approximately HK$58.32) per A Share as of the Latest Practicable Date and excluding [6,250,000] A Shares repurchased and held in our Company's share repurchase account as treasury shares, representing in aggregate [**REDACTED**] Shares expected to be in issue immediately following the completion of the [**REDACTED**]. For details, please see "Share Capital — Upon Completion of the [**REDACTED**]" in this document.

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 31 October 2025 is calculated based on [**REDACTED**] shares in issue (representing [271,250,000] Shares in issue as of 31 October 2025, excluding [6,250,000] treasury shares as of 31 October 2025, adding [**REDACTED**]), assuming that the [**REDACTED**] has been completed on 31 October 2025.

(3) No adjustments have been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2025.

For the calculation of the unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share, see the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document.

USE OF [REDACTED]

After deducting the [**REDACTED**] and other estimated [**REDACTED**] expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range stated in this document), we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**]. We intend to apply these [**REDACTED**] for the following purposes:

- to better serve our downstream industries, in particular, home appliances manufacturers, which have demonstrated a trend of expanding their production base to Southeast Asia, we plan to allocate approximately [**REDACTED**]%, or HK$[**REDACTED**] (or RMB[**REDACTED**]), will be allocated to expanding our production capacity with a new production base in Thailand;

- in light of the favourable industry landscape, to capture the emerging opportunities, approximately [**REDACTED**]%, or HK$[**REDACTED**] (or RMB[**REDACTED**]), will be allocated to expanding our production capacity with a new production base in Yixing, the PRC which is planned to be used for the production of organic polymer modified materials and/or organic polymer composite materials;

- we plan to allocate approximately [**REDACTED**]%, or HK$[**REDACTED**] (or RMB[**REDACTED**]), will be allocated to our investment in Hong Kong, including setting up our regional headquarters to support our future expansion into the international market, including the South East Asia market and upgrade of the existing production base of Hong Kong Petrochemical, including its production lines and other equipment to improve production efficiency and product quality; and

- approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] (or RMB[**REDACTED**]), is expected to be used for working capital and general corporate purposes.

For further details, please see the section headed "Future Plans and Use of [**REDACTED**]".

DIVIDENDS AND DIVIDEND POLICY

We have adopted a dividend policy. According to our dividend policy which is in line with the Articles of Association, our annual cash dividend shall be no less than 10% of the distributable profits of the relevant year, further, we are required to pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our average net profits for those three fiscal years which are available for distribution. Under the dividend policy, cash dividend may be declared when the following conditions are met: (i) the Group's net profit for the most recent fiscal year is positive; (ii) the undistributed profits at the end of the year in both the consolidated financial statements of the Group and the Company's financial statements are positive; and (iii) we meet the capital requirements for normal production and operation, and no significant investment plans or major cash expenditure plans (excluding fundraising investment projects) are in place.

Profits may be distributed in the form of cash, shares, a combination of cash and shares or in any other forms permitted by laws and regulations. We prefer the distribution of dividend in form of cash, and subject to satisfaction of cash distribution conditions, profits distribution will be made in the form of cash dividend.

Dividends declared by us and our subsidiaries during the Track Record Period are as follows:

	FY2022	FY2023	FY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividends declared by the subsidiaries to non-controlling shareholders	2,807	12,165	10,294	11,433
Dividends declared by the Company	67,813	67,813	48,346	74,200
Total	70,620	79,978	58,640	85,633

As at the Latest Practicable Date, the above dividends were paid in full. In June 2025, our shareholders' meeting has approved the proposal to declare a cash dividend in the amount of RMB74.2 million for the year ended 31 December 2024, and as at the Latest Practicable Date, these dividends were paid in full. In May 2025, the shareholders' meeting of our subsidiary, Dongbao Bio-Tech, has approved the proposal to declare a cash dividend in the amount of RMB11.4 million to non-controlling shareholders for the year ended 31 December 2024, as at the Latest Practicable Date, these dividends were paid in full by Dongbao Bio-Tech.

[**REDACTED**]

Based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**] range) and assuming the full payment of the discretionary incentive fee, if any, we expect to incur approximately HKD[**REDACTED**] of [**REDACTED**] (including (i) [**REDACTED**] expenses, including but not limited to commissions, fees, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee, amounting to approximately HKD[**REDACTED**], and (ii) fees and expenses of legal advisers and accountants amounted to approximately HKD[**REDACTED**] and other fees and expenses relating to the [**REDACTED**], including but not limited to the [**REDACTED**] fees, amounting to approximately HKD[**REDACTED**]), accounting for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. Approximately HKD[**REDACTED**] of our [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income and approximately HKD[**REDACTED**] is expected to be deducted from equity upon [**REDACTED**]. Approximately HKD[**REDACTED**] of our [**REDACTED**] was charged to our consolidated statements of profit or loss during the Track Record Period, with an additional HKD[**REDACTED**] to be charged thereafter. The estimate of [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

COMPETITIVE LANDSCAPE

China's green petrochemical industry exhibits a classic market structure of high concentration at the top with a long tail of fragmented smaller players. The market is dominated by state-owned giants which leverage their trillion-yuan revenue scale and fully integrated chains — from upstream oil and gas to refining and chemicals — to maintain a leading position. Meanwhile, ultra-large private integrated refining complexes, have also become significant forces in the upper market segment due to their massive production capacities. Together, these players form a highly concentrated apex of the industry. In 2024, the combined revenue of these top five enterprises exceeded RMB7,900 billion, accounting for over 44.0% of the total market.

In the polymer materials industry, since organic polymer modified materials and organic polymer composite materials share similar downstream customer sectors and application scenarios, the industry typically consolidates them under unified discussions. In relation to China's organic polymer-modified materials and organic polymer composite materials market, the competitive landscape is relatively fragmented, with a large number of small and medium-sized enterprises engaged in intense homogeneous competition in the low-end product segment. However, large private enterprises are driving industry consolidation through mergers and acquisitions, continuously expanding into niche segments through operational flexibility and innovation capabilities, thereby propelling the industry toward high-end and differentiated development. China's organic polymer modified material and organic polymer composite materials market exhibits relatively low concentration, with leading upstream polymer enterprises having partial production capacity in this segment. Based on 2024 revenue, Top 5 players collectively hold 10.6% market share; and our modification and composite materials segments generated RMB13.5 billion revenue, accounting for 2.5% of China's market and ranked as China's second-largest producer by revenue.

In relation to the health and wellness segment, the competitive landscape of bone gelatin is relatively concentrated. In the early stage of industry development, the high-end segment of China's bone gelatin market was mainly dominated by foreign manufacturers. However, with continuous technological advancements, Chinese bone gelatin producers have gradually gained competitiveness and become the mainstream players, taking a leading position in the market. For empty capsules market, the accelerated progress of pharmaceutical localization in China has driven the transition of empty capsule production from foreign manufacturers to domestic enterprises. Meanwhile, Chinese companies have further strengthened their competitiveness in the global market through the export of capsules. Based on 2024 revenue, our revenue of empty capsules reached RMB0.37 billion, holding 6.9% share of China's market and ranked as the fourth largest producer of empty capsules manufacturing enterprise.

For detailed analysis of the different industries in which our Group operates, please see "Industry Overview".

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

"10MFY2024 and 10MFY2025"	each of the ten months ended on 31 October 2024 and 2025, respectively
"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and is/are listed for trading on the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of the A Share(s)
"affiliate"	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 of Hong Kong
"Articles" or "Articles of Association"	the Articles of Association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix V
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[**REDACTED**]

"CG Code"	the Corporate Governance Code as set out in Appendix C1 to 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 (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"	Qingdao Gon Technology Co., Ltd. (青島國恩科技股份有限公司) (formerly known as Qingdao Gon Technology Development Co., Ltd.* (青島國恩科技發展有限公司) before the conversion into a joint stock company), a limited liability company incorporated in the PRC on 22 December 2000, and converted into a joint stock company with limited liability on 3 August 2011, the A Shares of which are listed on the Shenzhen Stock Exchange with the stock code of 002768.SZ
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules, and unless the context otherwise requires, refers to Mr. Wang, Ms. Xu and Xinghao Investment
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Dongbao Bio-Tech"	Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司), a company established in the PRC with limited liability on 12 March 1997, the A Shares of which are listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300239.SZ), and a non-wholly owned subsidiary of our Company
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"ESG"	environmental, social and governance

[**REDACTED**]

"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the independent industry consultant commissioned by our Company to prepare the Frost & Sullivan Report
"Frost & Sullivan Report"	the independent research report commissioned by our Company and prepared by Frost & Sullivan
"FY2022, FY2023 and FY2024"	each of the financial years ended on 31 December 2022, 2023 and 2024, respectively

[**REDACTED**]

"Gocci Opto-electronics"	Qingdao Gocci Opto-electronics Technology Co., Ltd. (青島國騏光電科技有限公司), a company established in the PRC with limited liability on 25 April 2018, and a wholly owned subsidiary of our Company
"Gon Chemical (Dongming)"	Gon Chemical (Dongming) Co., Ltd.* (國恩化學(東明)有限公司), a company established in the PRC with limited liability on 15 September 2010, and an indirect non-wholly owned subsidiary of our Company

"Gon Composites"	Qingdao Gon Composites Co., Ltd. (青島國恩複合材料有限公司), a company established in the PRC with limited liability on 20 January 2017, and a wholly owned subsidiary of our Company
"Gon Group (Hong Kong)"	Gon Group (Hongkong) Limited (國恩集團(香港)有限公司), a company established in Hong Kong with limited liability on 13 July 2023, and a wholly owned subsidiary of our Company
"Gon Plastic (Qingdao)"	Gon Plastic Products (Qingdao) Co., Ltd. (國恩塑業(青島)有限公司), a company established in the PRC with limited liability on 30 September 2021, and a wholly owned subsidiary of our Company
"Gon Plastic (Zhejiang)"	Gon Plastic Products (Zhejiang) Co., Ltd. (國恩塑業(浙江)有限公司), a company established in the PRC with limited liability on 25 May 2021, and a wholly owned subsidiary of our Company
"Gon Polymer.1"	Gon Polymer.1 (Zhejiang) New Material Technology Co., Ltd. (國恩一塑(浙江)新材料科技有限公司), a company established in the PRC with limited liability on 10 July 2020, and a non-wholly owned subsidiary of our Company
"Gon Ruihua"	Dongming Gon Ruihua New Materials Co., Ltd.* (東明國恩瑞華新材料有限公司), a company established in the PRC with limited liability 15 November 2016, and a non-wholly owned subsidiary of our Company
"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries at the relevant time, the business acquired or operated by such subsidiaries or their predecessors (as the case may be)
"Guangdong Gon Plastics"	Guangdong Gon Plastic Industry Development Co., Ltd. (廣東國恩塑業發展有限公司), a company established in the PRC with limited liability on 16 January 2018, and a wholly owned subsidiary of our Company

"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	overseas [**REDACTED**] foreign Share(s) in the share capital of our Company with a nominal value of RMB$1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange
	[**REDACTED**]
"H Shareholder(s)"	holders of the H Shares
"HK$", "Hong Kong dollar(s)" or "cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
	[**REDACTED**]
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong Petrochemical"	Hong Kong Petrochemical Company Limited (香港石油化學有限公司) (formerly known as FRANIA LIMITED), a company established in Hong Kong with limited liability on 26 August 1988, and a non-wholly owned subsidiary of our Company

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

[**REDACTED**]

"IASB"	International Accounting Standards Board
"IFRS(s)"	International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the IASB
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons or associates of our connected persons as defined under the Listing Rules

[**REDACTED**]

"Latest Practicable Date"	31 December 2025, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document

[**REDACTED**]

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

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Mainland China", "China" or the "PRC"	the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
"Major Subsidiaries"	the major subsidiaries of our Company listed in "History and Corporate Structure — Major Subsidiaries"
"Mr. Wang"	Mr. Wang Aiguo (王愛國), chairman of the Board, executive Director and general manager, the spouse of Ms. Xu, and one of our Controlling Shareholders
"Ms. Xu"	Ms. Xu Bo (徐波), the spouse of Mr. Wang and one of our Controlling Shareholders

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time

"PRC Government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"PRC Law"	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong, the Macau Special Administrative Region and the relevant regulations of Taiwan region
"PRC Legal Advisor"	Jingtian & Gongcheng
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"Reporting Accountants"	SHINEWING (HK) CPA Limited, the reporting accountants of our Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
"Share(s)"	the ordinary share(s) of our Company with a nominal value of RMB1.00 each, comprising the A Shares and the H Shares
"Shareholder(s)"	holder(s) of Share(s)
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"Sole Sponsor"	China Merchants Securities (HK) Co., Limited, a corporation licensed under the SFO permitted to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising FY2022, FY2023, FY2024 and 10MFY2025
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
	[**REDACTED**]
"US$" or "USD"	United States dollars, the lawful currency of the United States

[**REDACTED**]

"Xinghao Investment"	Qingdao Century Xinghao Investment Co., Ltd.* (青島世紀星豪投資有限公司), a controlling shareholder of our Company and being controlled by Ms. Xu
"Yiqing Bio-Tech"	Qingdao Yiqing Biotechnology Co., Ltd (青島益青生物科技股份有限公司), a company established in the PRC with limited liability on 24 January 1998, and an indirect non-wholly owned subsidiary of our Company
"%"	per cent

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

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this document and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities or enterprises are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain definitions and technical terms used in this document in connection with our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.

"acrylonitrile-butadiene-styrene copolymer" (丙烯腈丁二烯苯乙烯共聚物) or "ABS"	a common thermoplastic polymer used in automotive parts, toys, and consumer electronics
"ASEAN"	a regional organisation promoting economic, political and security cooperation among Southeast Asian countries
"B2B"	"business to business", refers to transactions take place between one business and another
"B2C"	"business to customer", refers to transactions take place between one business and an individual as end customer
"bone pellet(s)" (骨粒)	also known as animal bone granules, which refers to granular products processed from the bones of animals (primarily cattle, pigs, sheep, etc.) through procedures such as screening, crushing, cleaning, and sun-drying
"CAGR"	compound annual growth rate
"Empty capsule(s)" (空心膠囊)	a pharmaceutical excipient primarily used for containing solid or liquid drugs, consisting of a two-piece capsule shell (cap and body)
"ethylene" (乙烯)	a colorless, flammable gaseous olefin primarily derived from petroleum and natural gas, and an important chemical raw material widely used in the manufacturing of polyethylene plastics, synthetic fibres and rubber products
"ethylene glycol" (乙二醇)	a colorless, odorless, slightly sweet-tasting viscous liquid which can be used as a solvent and additive, and has applications in the chemical, coatings and cosmetics industries

"expandable polystyrene" (可發性聚苯乙烯) or "EPS"	A polystyrene material with foaming agent added, appearing as colorless and transparent bead shaped particles, used for packaging, structural support, insulation, noise reduction, filling and other purposes
"gelatin" (明膠)	the white or pale yellow, semi-transparent, slightly glossy flakes or powder formed by partial degradation of collagen from animal connective tissues such as skin, bone, and tendon. It possesses excellent physicochemical properties and biocompatibility, and is widely used in pharmaceuticals, health products, food, and other fields
"green petrochemicals"	different from traditional petrochemicals which are generally classified as "Two-High Projects" (兩高項目) characterized by their high energy consumption (高耗能) and high emission (高排放), green petrochemicals refers to petrochemicals that are engineered to minimize environmental footprint, conserve energy and meet China's green emission standards under national policy mandates such as the "Shandong Province 'Two-High' Project Management Catalog (2025 Edition)" (《山東省"兩高"項目管理目錄(2025版)》), "Inner Mongolia Autonomous Region 'Two-High' Project Key Management Scope (2025 Edition)" (《內蒙古自治區"兩高"項目重點管理範圍(2025版)》), and "Jiangsu Province 'Two-High' Project Management Catalog (2025 Edition)" (《江蘇省"兩高"項目管理目錄(2025年版)》)
"GFA"	gross floor area
"ISO"	International Organization for Standardization, an organization which maintains a standard for quality management systems
"New materials"	materials that possess excellent properties and special functions not found in traditional materials, or are prepared using new principles, methods, and processes. Their core characteristic is breaking through the performance limitations of traditional materials through innovation to meet the upgrading needs of modern industrial production, technological development, or social demands. Classified by their material properties, they can be divided into new metal materials, new chemical materials, new ceramic materials, and other new materials

"New chemical materials"	a comprehensive category encompassing novel foundational materials, structural and functional materials, organic polymer materials and composites materials (also known us polymer materials and composites materials), and high-end chemical products manufactured through chemical processes. Organic polymer materials and composites materials are two critical categories of new chemical materials
"Organic polymer composite materials" or "Polymer composite materials"	a functional material composed of various resins as the matrix, combined with agents such as mineral fibers, carbon fibers, and other materials. Given that, in the context of chemicals, "organic" denotes compounds predominantly composed of carbon and hydrogen atoms and over 99% of polymer materials qualify as organic compounds, "organic polymer composite materials" is also known as "polymer composite materials".
"Organic polymer-modified materials" or "Polymer-modified materials"	a functional material primarily based on general-grade resins, engineering resins, or special engineering resins. Given that, in the context of chemicals, "organic" denotes compounds predominantly composed of carbon and hydrogen atoms and over 99% of polymer materials qualify as organic compounds, "organic polymer-modified materials" is also known as "polymer-modified materials".
"polyamide" or "PA" (聚醯胺)	a general term for a class of linear thermoplastic resins with many repeating amide groups (-CONH-) in their main chains, and commonly known as nylon
"polybutylene terephthalate" or "PBT" (聚對苯二甲酸丁二醇酯)	a type of thermoplastic polyester material, which possesses outstanding mechanical properties, heat resistance and chemical resistance; and widely used in the fields of engineering plastics and fibres, such as in electronic devices, automotive components, and connectors
"polycarbonate" or "PC" (聚碳酸酯)	a high-molecular-weight polymer containing carbonate ester groups (-O-R-O-CO-) in its molecular chain, which possesses outstanding mechanical properties, transparency and heat resistance; and commonly used in the fields of optical lenses, automotive components, and protective glass

"polyether ether ketone" or "PEEK" (聚醚醚酮)	a semi-crystalline aromatic high-performance special engineering plastic, with excellent high-temperature resistance, good chemical stability, low friction coefficient, high mechanical strength and self-lubricating properties; and widely used in industries such as aviation and aerospace, automotive manufacturing, electronics and electrical engineering, medicine, and food processing
"polyethylene" (聚乙烯) or "PE"	a polymer, primarily used for packaging (plastic bags, plastic films, geomembranes and containers including bottle
"polyimide" (聚醯亞胺) or "PI"	an aromatic heterocyclic polymer compound containing imide groups, with good insulation properties, high-temperature stability, mechanical performance and flame retardancy; and widely used in high-technology fields such as electronics, aviation and aerospace, automotives, and medicine
"Polyoxymethylene" (聚甲醛) or "POM"	a thermoplastic crystalline polymer belonging to the category of linear-structured polymers, with outstanding mechanical properties such as high elastic modulus, stiffness and hardness; and commonly used in the industrial, medical, and automotive fields
"polyphenylene oxide" (聚苯醚) or "PPO"	a high-performance thermoplastic engineering plastic with excellent heat resistance, chemical resistance, low moisture absorption, good dimensional stability and high insulation properties; and widely used in fields such as automobiles, electronics, water treatment and medical devices
"polyphenylene sulphide" (聚苯硫醚) or "PPS"	a new type of functional engineering plastic with high crystallinity and good mechanical properties, heat resistance, corrosion resistance, flame retardancy and electrical insulation; and widely used in industries such as electronics, automobiles, machinery, chemicals, and aviation and aerospace
"polyphthalamide" (聚鄰苯二甲醯胺) or "PPA"	a high-performance engineering plastic with excellent thermal stability, mechanical strength, and chemical resistance; and widely used in fields such as automobiles, electronics and industrial equipment

"Polypropylene" (聚丙烯) or "PP"	a thermoplastic polymer used in a wide variety of applications. It is produced via chain-growth polymerization from the monomer propylene
"polystyrene" (聚苯乙烯) or "PS"	A general term for synthetic resin polymers made from styrene monomer, it is a type of universal resin material. Polystyrene possesses excellent properties and processing performance, making it widely applicable in household appliances, foam, films, and other fields.
"polyvinyl Chloride" (聚氯乙烯) or "PVC"	a thermoplastic resin produced by the polymerisation of vinyl chloride monomers, which exhibits good resistance to acids, alkalis, oils, ethanol, and gasoline; and widely used in fields such as building materials, pipes, wires and cables, packaging films, sealing materials and fibres
"resin" (樹脂)	a collective term in the plastics industry referring to polymers or prepolymers without added additives used as plastic raw materials
"silver economy"	the economic system focused on the production, distribution, and consumption of goods and services designed to meet the needs of older adults
"sq.m."	square meters
"Styrene", "styrene monomer" (苯乙烯) or "SM"	an organic compound typically appearing as a colourless aromatic liquid, widely used in the manufacturing of plastics, resins, and rubber products

FORWARD-LOOKING STATEMENTS

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

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs and offer competitive prices;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or those of the Directors are made as of the date of this document. Any such information may change in light of future developments.

You should carefully consider all of the information in this document, including the following risk factors before making any [**REDACTED**] *decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The market price of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *You should seek professional advice from your relevant advisors regarding your prospective* [**REDACTED**] *in the context of your particular circumstances.*

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

We rely on a stable and consistent supply of quality raw materials which are subject to price fluctuations and other risks.

Our cost of sales mainly consists of cost of raw materials such as resins in the chemical segment and bone pellets in the health and wellness segment. For FY2022, FY2023, FY2024 and 10MFY2025, our total cost of raw materials amounted to approximately RMB11,035.0 million, RMB14,424.9 million, RMB15,970.5 million and RMB14,234.7 million, representing approximately 93.3%, 91.1%, 90.8% and 91.1% of our total costs of sales, respectively. For a sensitivity analysis of raw materials price on our profit before tax during the Track Record Period, please see "Financial Information — Results of operation — Key components of operating results — Cost of sales".

We purchased most of our raw materials from local suppliers in the PRC. If we are unable to source raw materials in the quantities and of a quality that we require or at commercially acceptable prices, our production schedule, quality of products and profit margins may be adversely affected. In addition, raw materials used in our production are subject to price volatility caused by external conditions that are beyond our control, such as market supply and demand, currency fluctuations, changes in governmental policies and natural disasters. For example, according to Frost & Sullivan, the price of general-purpose resins, being one of our key raw materials, rose rapidly from 2020 to 2022 due to China's early recovery from the global economic slowdown period causing shortage of supply and returned to normal levels from 2022 to 2024. There is no guarantee that we can effectively pass the increase in price of raw materials onto our customers as our ability to pass increased raw materials costs on to our customers may be limited by competitive pressure.

Our procurement and production depends on our ability to maintain relationships with our existing suppliers and to source new suppliers. There is no guarantee that we will be able to identify new potential suppliers successfully or find a suitable substitute supplier at acceptable conditions on a timely basis. There is no assurance that our existing suppliers will continue to renew the procurement arrangements or sell us raw materials. Our failure to maintain such relationships could adversely affect our operations, revenue and profitability.

Any material disruption to our production facilities and production base may adversely affect our business.

We have production facilities in five provinces in the PRC and in Hong Kong for our chemicals business and production facilities in two provinces in the PRC for our health and wellness business. For details and locations of our product bases, see "Business — Production Bases" in this document. Smooth and consistent daily operations of our production facilities are crucial to our business. Regular repair and maintenance programmes for our production facilities are scheduled by our production department to ensure that our production facilities are in good conditions. There is no assurance that we are able to discover all the faults and defects whenever they exist or occur so as to execute repair works or take appropriate measures before any harm is caused to our plant, staff or production. Furthermore, we cannot assure you that there will be no sudden malfunctions or halts of our production facilities during our daily operations due to any natural disasters, power shortage or malicious human acts. A prolonged disruption in the operations of our production facilities may adversely affect our business, financial condition and operating results. Our operations are vulnerable to interruptions by war, riot, fire, earthquake, epidemic, power blackout and other events beyond our control. Any material disruption at our production bases, even for a short duration, could result in decrease in production capacity for a sustained period and delays in deliveries of our products, which could adversely affect our business operations.

We may not be able to compete effectively in the chemicals and the health and wellness markets.

According to Frost & Sullivan, both the chemicals and the health and wellness markets are highly competitive. In particular, the organic polymer modified materials and organic polymer composite materials markets are relatively fragmented, with a large number of small and medium-sized enterprises (SMEs) engaged in intense homogeneous competition in the low-end product segment. We compete with our competitors in a variety of aspects including market experience, brand recognition, product breadth, manufacturing scale, cost efficiencies, and financial, sales and marketing, manufacturing, research and development or technological resources. Our competitors may be more capable than we do to respond promptly to the changes in market conditions. Intense competition will subject us to pricing pressure which may lower our profit margins and reduce our revenue. Moreover, we face increasing competition from market entrants. New market entrants or existing competitors may develop or acquire the requisite technical capabilities and customer base to compete with us. If we cannot maintain our competitiveness, our business, results of operations or financial condition could be adversely affected.

There is no assurance that the implementation of our future plans, including the construction of the new Yixing Production Base and Thailand Production Base will be successful.

We have formulated our future plans with the view to increase our market share and sustain business growth. As at the Latest Practicable Date, it is our plan, among others, to build a new production base in Yixing, the PRC and another new production base in Thailand. Our future plans are based on current intentions and assumptions. Whether our future plans can be implemented successfully may be affected by various factors which are beyond our control, such as business environment, economic conditions, market demand and regulatory framework, and other contingencies which are beyond are control. Such uncertainties and contingencies may lead to postponement of our future plans or may increase the costs of implementation. There can be no assurance that our future plans will materialize effectively, cost efficiently or at all. There is also no assurance that Yixing Production Base and Thailand Production base will operate smoothly and achieve financial results as expected, or at all. Also, the construction and operation of these new production bases will have a financial impact of our Group, including our cost structure. In particular, based on current estimation, we expect to incur an additional depreciation and amortisation expenses amounting to RMB31.8 million and RMB42.0 million for the Thailand Production Base and Yixing Production Base, respectively. For details, including the analysis of financial impact of the construction and operation of Yixing Production Base and Thailand Production base on our Group, please see "Future Plans and Use of [**REDACTED**]" in this document. In the event that we are not able construct and/or Yixing Production Base and Thailand Production base as we expected, our financial condition, results and operation and prospect may be adversely and materially affected.

Moreover, the construction and operation of the Thailand Production Base are subject to various risks, including those relating to the different regulatory, economic and competitive environment in Thailand. Different culture, political and economic conditions, local labour market conditions, trade barriers, governmental measures and business practices may also expose us to potential loss that we do not expect at this stage. To counter any of such events and risks, we may incur additional costs and there is no assurance that we will succeed.

Our future plans involved the construction of new production bases and therefore we will incur additional costs including depreciation expenses in the future

Part of our future plans is the construction of Yixing Production Base and Thailand Production base. In particular, based on current estimation, we expect to incur an additional depreciation and amortisation expenses amounting to RMB31.8 million and RMB42.0 million for the Thailand Production Base and Yixing Production Base, respectively. For details, including the analysis of financial impact of the construction and operation of Yixing Production Base and Thailand Production base on our Group, please see "Future Plans and Use of [**REDACTED**]" in this document. There is no assurance that the Thailand Production Base and Yixing Production Base will operate as smoothly as expected. In the event we could not achieve the expected income to be generated from them, our financial condition would be negatively affected as depreciation expenses would still be incurred.

Our business is affected by changes in customer preferences and demands of our products and our downstream industries.

Our customers vary from, among others, leading brands in home appliances, leading automakers and customers in new energy sectors. Our broad customer base implicates that our customers' requirements and preferences and industry demands are constantly changing in response to changes in market trend, technological development and customer needs in different downstream markets that our products are applicable to. In light of diversified and changing customer requirements and preferences, our future growth depends on our ability to adapt to market trends and introduce new products and new applications in a timely manner that satisfy the requirements of our consumers. We cannot assure you that our products will continue to be accepted by our customers or that we will be able to anticipate or respond to changes in consumer preferences in a timely manner. Our failure to anticipate, identify or respond to these changes could adversely affect our sales performance and operating results. Moreover, our products mainly consist of chemicals and health and wellness products, which are used as raw materials in the production of products of various sectors, including but not limited to automotives, new energy, home appliances and medical industries. Demands of our products are therefore dependent on the demand from downstream industries. The performance and growth of the downstream industries and thus the demand of our products are dependent on, among other things, the conditions of the downstream manufacturing industries such as automobiles, home appliances. Any fluctuations in our downstream industries may reduce the demand for our products and adversely affect our business, financial condition, results of operations and profitability.

We may incur impairment loss on our intangible assets and goodwill, which could negatively affect our results of operations and financial condition.

Our intangible assets primarily consist of trademarks, patent, non-patent technologies and software. As at 31 December 2022, 2023 and 2024 and 31 October 2025, our Group had intangible assets of RMB328.8 million, RMB320.3 million, RMB309.1 million and RMB360.3 million, respectively. Also, we have goodwill arisen from the acquisition of the Dongbao Bio-tech in FY2021. Our goodwill amounted to RMB340.1 million, RMB340.1 million, RMB333.6 million and RMB332.0 million as at 31 December 2022, 2023, 2024 and 31 October 2025, respectively. We did not record impairment of intangible assets and goodwill in FY2022 and FY2023 while we recorded an impairment of intangible assets and impairment of goodwill of RMB11.1 million and RMB6.5 million, respectively, in FY2024. In 10MFY2025, we recorded an impairment of intangible assets and impairment of goodwill of RMB19.8 million and RMB1.7 million, respectively. The impairment of intangible assets and goodwill recorded in FY2024 and 10MFY2025 was primarily due to that the operating performance of Dongbao Bio-Tech falling short of expectations and the unfavorable market conditions of health industry. For details of factors which may trigger impairment of intangible assets and goodwill, please refer to "Financial Information — Critical accounting judgements and key sources of estimation uncertainty". As we continue our ordinary course of business, change in business prospects of [**REDACTED**] may result in impairment on intangible assets and goodwill, which could negatively affect our results of operations. There is no assurance that we will not incur impairment loss on our intangible assets and goodwill and we may incur impairment loss on our intangible assets and goodwill of a higher amount in the future. Any significant impairment of our intangible assets and goodwill could have a material adverse effect on our business, financial condition and results of operations.

We are subject to credit risks.

We are subject to the credit risks of our customers and our profitability and cash flow are dependent on timely settlement of payments by our customers for the products we provide to them. Our trade and bills receivables turnover days were 57 days, 55 days, 62 days and 61 days for FY2022, FY2023, FY2024 and 10MFY2025, respectively. Our amount of trade and bills receivables amounted to RMB2,168.9 million, RMB3,065.3 million, RMB3,454.6 million and RMB3,526.0 million as at 31 December 2022, 2023, 2024 and 31 October 2025, respectively.

Our customers may also experience financial difficulties, which could eventually negatively impact their ability to settle the amount due to us. Such adverse financial condition may negatively affect the length of time for us to recover our receivables and we may not be able to recover such receivables at all, which could result in an adverse effect on our business, financial condition, and results of operations. If significant amounts due to our Group are not settled on time or at all, our financial condition and business operation may be adversely affected.

We may face risks if there are quality issues with our products.

Product quality is of significant importance especially in both the chemicals and health and wellness segments which we mainly operate in. We are committed to our product quality and we have quality management span across the entire production processes, from incoming materials, in-process inspection to final inspection of finished goods. During the Track Record Period, we had quality control system remained effective that we had not received complaints or claims related to quality issues which had a material impact on our business. However, given that product quality control involves complex processes and may be difficult to manage, we cannot guarantee that there are no and will not be any quality issues with our products. Quality issues may compromise our product performance leading to loss of customers and/or orders and damage our reputation. In such event, our business and financial performance may be adversely affected.

We may not be able to anticipate and respond to the trends in technological development and evolving industry standards in an efficient and timely manner.

The industry of polymer materials in China is known for its rapid growth, continuous need of modifications, breakthroughs and performance enhancements. We may not be able to accurately anticipate the trends in technological development in the future. We cannot assure you that we will be successful in responding to the technological development and evolving industry standards. New technologies may render our existing products or technologies less competitive. If we are unable to anticipate the trends in technological development and develop products required by our customers and the market, we may fail to compete effectively with our competitors, which could adversely affect our business, results of operations and financial condition.

Our historical financial and operating results during the Track Record Period may not be indicative of our future growth and performance.

We cannot assure you that our revenue will continue to grow at the same rate, or we will be able to achieve the same level of our gross profit margin comparable to those recorded during the Track Record Period. For FY2022, FY2023, FY2024 and 10MFY2025, our revenue was RMB13,406.4 million, RMB17,438.8 million, RMB19,187.5 million, and RMB17,443.9 million, respectively. For a detailed analysis of fluctuations in our operating results, please see "Financial Information". Our historical financial information is a mere analysis of our past performance and may not necessarily reflect or have any implication on our financial performance in the future. The future growth of our revenue or gross profit margin depends on a number of factors, some of which are beyond our control. For example, the changing regulatory, economic and competitive environment, the global economy, the types of products offered by us, selling prices of our products, raw materials costs, labour cost, staff costs and other costs as well as whether we can successfully implement and manage our future plans, or at all. Gross profit margin of our products may fluctuate case by case due to factors such as our relationships with our customers, technical complexity in the manufacturing of the products, and delivery schedule required by our customers. In particular, our overall gross profit margin decreased slightly during the Track Record Period. Our overall gross profit margin for the corresponding year/period was 11.8%, 9.2%, 8.3% and 10.4%, respectively. There is no assurance that measures taken by us that aim to improve our gross profit margin will be successful. If we fail to secure new businesses or control our cost, or fail to maintain our profit margin at a level comparable to that recorded during the Track Record Period, our financial conditions may be adversely affected. If we fail to implement our future plans in a cost-efficiently manner, our financial conditions and prospect may be adversely affected.

Our business is subject to legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions.

During the Track Record Period, we derive a significant portion of our revenues from domestic sales. For FY2022, FY2023, FY2024 and 10MFY2025 our revenue derived from sales to overseas customers amounted to RMB192.4 million, RMB160.7 million, RMB303.5 million and RMB240.0 million, representing 1.4%, 0.9%, 1.6% and 1.4% of our total revenue, respectively. Also, it is part of our future plans to build a new production base in Thailand and to expand our presence in the overseas market. For details of our planned construction of a new production base in Thailand, see "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" in this document.

We are subject to various risks and uncertainties associated with conducting business in the PRC and other jurisdictions including the following:

- compliance with foreign laws, regulatory requirements and local industry standards, with which we may not be familiar;
- international trade policies and additional barriers to trade such as import/export controls, tariffs, trade restrictions or other trade barriers;
- competition from foreign players or failure to anticipate changes to the competitive landscape in the international markets due to lack of familiarity with the local business environment;
- difficulty in managing relationships with foreign customers;
- international political and economic instabilities;
- lack of familiarity with local operating and market conditions;
- cultural and language difficulties;
- exposure to increased litigation risks in the international markets; and
- foreign exchange rate exposure and risk of foreign exchange control.

Any of the above factors could lead to business disruptions and loss of sales, which could have an adverse effect on our business, results of operations and growth strategies. In particular, as our overseas sales may grow in the future, trade policies such as tariff may diminish our competitiveness in the event that our products are subject to tariff while other market players may be exempt from such tariffs or face lower tariff rates.

We are subject to various laws and regulations of jurisdictions in which we operate and are required to obtain and comply with various permits, licenses, certificates, consents and other approvals from administrative authorities. Each approval is dependent on the satisfaction of certain conditions and failure to obtain governmental approvals could have an adverse effect on our operations. We are also subject to inspections, examinations, inquiries and audits by governmental authorities as part of the process of maintaining or renewing our permits, licenses or certificates. There can be no assurance that we will be able to fulfil the pre-conditions necessary to obtain the required governmental approvals or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to our operations. There may be delays on the part of relevant administrative bodies in reviewing our applications and granting approvals.

Furthermore, we are subject to various labor-related laws and regulations in mainland China and other jurisdictions in which we operate. For example, we are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in mainland China. During the Track Record Period, we were in compliance with applicable laws and regulations related to social insurance and housing provident funds in all material aspects. As the relevant laws and regulations evolve, there is no assurance that we will be able to comply with the applicable laws and regulations in a timely manner and effectively.

Our business and financial conditions depend on our ability to effectively manage our inventories.

Our inventory primarily consists of raw materials, work-in-progress and finished products. As of 31 December 2022, 2023, 2024 and 31 October 2025, we had inventories in the amount of RMB2,432.5 million, RMB3,085.2 million, RMB3,377.7 million and RMB3,790.4 million, respectively, and we recorded average inventory turnover days of 68 days, 64 days, 67 days and 70 days during the Track Record Period, respectively. Our business and financial conditions depend on our ability to manage and maintain a reasonable level of inventories. If we overstock our inventories, our required working capital would increase and additional financing costs would be incurred to monitor and warehouse our stocks. On the other hand, if we understock inventories, we may not be able to meet our customers' demand, which may in turn adversely affect our business and financial conditions. We cannot assure you that we would not experience overstocking or understocking in the future, or that any such instances would not adversely affect our business and financial conditions.

Further, the turnover rate of our inventories is susceptible to overall demand of customers and changes in consumer choice and preference, all of which are beyond our control, which exposes us to the risk of slow moving inventories. If we are not able to manage our inventory efficiently, we could be subject to the risk of inventory obsolescence, decline in the realisable value, and significant write-down of the value of our inventory of finished products. Any of these events could adversely affect our business and financial condition and operating results. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs. For FY2022, FY2023, FY2024 and 10MFY2025, we recorded write-down of inventories amounted to RMB182.5 million, RMB144.4 million, RMB86.0 million and RMB45.3 million, respectively.

We cannot assure you that our inventory turnover days will not increase in the future, and we may need to write off our slow moving inventories or sell our slow moving inventories at lower prices, any of which could adversely affect our business and financial conditions.

Our operations are subject to risks relating to emission of pollutants and use of hazardous chemicals

During our production process, we discharge, stores and disposes of certain pollutants (e.g. wastewater, hazardous waste and solid waste). Also, our production involves the use, storage and transportation of chemicals, including hazardous chemicals such as adhesives, solvents and refrigerants which potentially pose environmental and safety risks. For details of that emissions and waste involved in our operations, please see "Business — Environmental, Social and Corporate Governance Matters — Environmental". These risks can subject us to potentially significant liabilities relating to personal injury or death or property damage, and may result in civil, administrative or criminal penalties, which could harm our productivity, profitability and reputation.Any occurrence of such accidents, claims or proceedings in relation to the industrial hazards and pollution and production safety may materially adversely affect our business, financial condition and results of operations.In addition, any accident due to emission of pollutants and use of hazardous chemicals may also disrupt our own operations and facilities, or may change the environment and surroundings where our facilities are located, and in turn could adversely affect our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property rights and any unauthorised use of our intellectual property rights by competitors or third parties, and the expenses incurred in protecting such intellectual property rights, may adversely affect our business and reputation.

We use various intellectual property rights, including patents and trademarks, in our daily business. At present, we have obtained trademark and patents registrations for our principal products and know-how that have already been marketed. As at the Latest Practicable Date, we had registered 513 patents, 269 trademarks and 21 copyrights. We rely on trademark, patent, domain names and trade secret protection laws and confidentiality agreements with our employees, customers and other stakeholders to protect our intellectual property rights. Confidentiality agreements may be breached by counterparties, and there may not be adequate remedies available to us for these breaches. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in confidentiality agreements in the PRC or elsewhere.

Our intellectual property is exposed to theft and other forms of misappropriation. Preventing unauthorised use of our intellectual property is therefore difficult, time consuming and expensive, yet yielding limited and uncertain results. Misappropriation of our intellectual property could divert significant business to our competitors, damage our brand names and reputation, and may require us to initiate litigation that could be expensive, time consuming and require us to divert management resources from the operations of our business.

We may be subject to intellectual property infringement claims from third parties, which may disrupt our business and operations.

There is no assurance that infringement claims against us from third parties will not occur. We may be subject to legal proceedings and claims from time to time alleging infringement of copyrights, trademarks or patents, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights. Any such claims, regardless of merit, may involve us in time consuming and costly litigation or investigation, divert significant management and staff resources, require us to enter into expensive royalty or licensing arrangements, prevent us from using important technologies, business methods, content or other intellectual property, result in monetary liability, prevent us from distributing our products through the use of injunctions or other legal means, or otherwise disrupt our operations.

Our business depends on our reputation, and any negative publicity on us could have an adverse effect on our business and financial condition and operating results.

Our business is dependent on our reputation. Negative publicity arising from, but not limited to, product defects and non-compliance with relevant laws and regulations or product quality standards are potential threats to our reputation. If we fail to promote and protect our reputation, we may not be able to maintain our sales, attract new customers, and expand into new markets. As a result, our business and financial condition and operating results could be adversely affected. Further, any negative claims against us could divert our management's attention and resources from other business concerns, even if such negative claims are unfounded, which could adversely affect our business and financial condition and operating results.

Negative publicity or media report on the industries could undermine the confidence of our customers or prospective customers. Such negative publicity could also have a negative impact on our products and as such may affect the demand for our products which could adversely affect our business and financial condition and results of operation.

Our business relies on the proper operation of our information technology systems, any malfunction of which for extended periods could adversely affect our business, financial conditions and results of operations.

Our business relies on the proper functioning of our information technology systems. We use our information technology systems to retrieve and analyse operational data, including procurement, sales, inventory, logistics and production, as well as financial information effectively and efficiently. We also use our information technology systems to assist us in planning and managing our production, budgeting, human resources, inventory, sales and financial reporting. As a result, our information technology system is critical for our daily operations. We cannot assure you that our information technology systems will always operate without interruption.

Any malfunction to a particular part of our information technology systems may adversely affect our operations and our results of operations. There can be no assurance that there will not be any failure or breakdown of these systems in the future. Any system failure or breakdown could interrupt our normal business operations and result in a significant slowdown in operational and management efficiency. Any prolonged failure or breakdown could have an adverse effect on our business and results of operations. In addition, we need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced information technology systems as required by our business development. All of these may have an adverse impact on our business, financial conditions and results of operations.

We may not successfully mitigate our exposures to foreign exchange risk.

During the Track Record Period, our business operations are mainly based in the PRC and RMB is our functional and reporting currency. In the future, as we expand our presence and operations in overseas markets, our use of foreign exchange and associated risks may increase. Changes in foreign exchange rates may be due to many factors such as changes in the global economy and geopolitical condition which are beyond our control. Furthermore, our multi-country operations in the future may subject us to foreign exchange fluctuations on translation from functional currencies of our foreign operation to our presentation currency (i.e. RMB). For FY2022, FY2023, FY2024 and 10MFY2025, we had net foreign exchange loss of approximately RMB0.8 million, RMB0.7 million, RMB1.1 million, and RMB1.0 million, respectively. We cannot assure that the exchange rate of RMB will remain stable against foreign currencies. Any significant movement of exchange rates of foreign currencies against RMB may affect our financial condition and results of operations. For example, if the exchange rate of RMB fluctuates, this may result in foreign exchange losses and hence may adversely impact our business, financial condition and results of operations.

Our insurance coverage might not be adequate to cover all the risks.

Our business operations involve inherent risks and occupational hazards which cannot be completely eradicated through implementation of preventive measures. For instance, workplace accidents, which may result in property damage, physical injuries or even fatalities, may still occur at our production facilities or at our customers' site despite preventive measures being taken. Furthermore, we may be subject to the occurrence of certain unforeseeable incidents such as earthquakes, fire, severe weather, war and floods. Even though we maintain various insurances including property insurance covering risks of physical loss, destruction or damage to the inventory of our products and fixed assets, employer's liability insurance, public liability insurance, and transportation and logistics insurance, we cannot assure that our current insurance policies are sufficient to cover all the risks associated with our business operations. Any uninsured losses or damages to, among others, our property and/or reputation, may cause our Group to incur substantial costs which could adversely affect our business, financial condition and results of operation.

Share Pledge of Mr. Wang, one of our Controlling Shareholders, may result in a change in the current level of interest in our Company.

As at the Latest Practicable Date, Mr. Wang, one of our Controlling Shareholders, beneficially owned 126,000,000 A Shares, representing 46.45% of the total issued share capital of our Company, and, together with the 18,000,000 A Shares and 9,000,000 A Shares respectively held by Ms. Xu (Mr. Wang's wife) and Xinghao Investment, controlled 56.41% of the voting rights as of the Latest Practicable Date. Mr. Wang has pledged the A Shares he owned to certain PRC financial institutions as collateral for financing needs. As at the Latest Practicable Date, Mr. Wang has pledged 32,520,000 A Shares, representing 11.99% of the total issued share capital of our Company as security in favor of certain PRC financial institutions regulated by the CSRC. For further details of the pledge arrangements, see "Substantial Shareholders — Share Pledges by Mr. Wang". In the unlikely event of default by Mr. Wang of such Share Pledges, the subject PRC financial institutions may enforce the share pledge arrangements and therefore may reduce Mr. Wang's level of interest in the Company.

Changes in concentration of ownership may potentially denying other Shareholders the opportunity to receive a premium on their Shares in the event of a sale and possibly leading to a decline in the price of our H Shares. Interests of present and future substantial Shareholders may not align with those of other Shareholders. They may use their influence to cause the Company to enter into transactions or undertake, or refrain from, actions or decisions that conflict with the best interests of other Shareholders.

Global market fluctuations and economic conditions may adversely affect our business, results of operations, financial condition and prospects.

Our sales and profitability depend significantly on global economic conditions and the demand for the end products. Weaknesses in the economy and financial markets can lead to lower demand in our target product groups. Economic uncertainty affects businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. A decline in end-user demand can affect the demand of customers for our products, and the tightening of credit in financial markets may lead consumers and businesses to postpone spending, either of which may cause our customers to cancel, decrease or delay their existing and future orders with us.

We may not accurately assess the impact of changing market and economic conditions on our business and operations. Any adverse changes in global economic conditions, including any recession, economic slowdown or disruption of credit markets, may also lead to lower demand for our products. In addition, financial difficulties experienced by our suppliers could result in product delays, increased accounts receivable defaults and inventory challenges. All these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

Under EIT Law and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家税務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC has subsequently provided further guidance on the implementation of Circular 82.

Although our offshore subsidiaries have substantive business operations in the countries or regions where they located, as our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The EIT on our subsidiaries' global income could increase our tax burden and affect our cash flows and profitability.

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

Most of our operating subsidiaries are incorporated in the PRC. Some of our management reside in the PRC from time to time. Almost all of our assets and some of the assets of our management are located in the PRC. Therefore, it may not be possible for [**REDACTED**] to effect service of process upon us or our management inside the PRC. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgements made by courts of many other jurisdictions. On 3 July 2008, The Supreme People's Court proumulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned

(《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement"), pursuant to which a party with a final court judgement rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in Mainland Courts. Similarly, a party with a final judgement rendered by a Mainland court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgement in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a Mainland court is expressly designated as the court having sole jurisdiction for the existing or potential dispute. On 25 January 2024, the Supreme People's Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "New Arrangement"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong and the Mainland. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong. The New Arrangement will, upon its effectiveness, supersede the Arrangement. Therefore, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgement rendered by a Hong Kong court in Mainland Courts if the parties in the dispute do not agree to enter into a choice of court agreement in writing. Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgements awarded by courts of the United States, the United Kingdom, or many other countries. Hence, the recognition and enforcement in China of judgements of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be uncertain.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of the Mainland China and Hong Kong.

Our A shares are currently listed on the Shenzhen Stock Exchange. Following the [**REDACTED**], we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. During the Track Record Period, our Major Subsidiary, Dongbao Bio-tech, had minor non-compliance incidents regarding information disclosure and use of idle proceeds for cash management purposes, as detailed in our A-Share announcements. Such non-compliance incidents have since been rectified. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

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

Our A Shares are currently listed and traded on the Shenzhen Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [**REDACTED**] on the Hong Kong Stock Exchange. Without regulatory approval, our A Shares and H Shares are neither convertible into nor fungible with each other. The A share and H share markets have different characteristics, including different trading volumes and liquidity and different investor bases. As a result of these differences, the [**REDACTED**] price of our A Shares and H Shares may not be the same. Fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the A share and the H share markets, the historical prices of our A shares may not be indicative of the performance of our H Shares. You should not rely on the prior trading history of our A Shares when evaluating an [**REDACTED**] in our H Shares.

There can be no assurance that an active market will develop or be sustained after the [REDACTED].

Prior to the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. The [**REDACTED**] for our H Shares was the result of negotiations among us and the [**REDACTED**] on behalf of the [**REDACTED**], and the [**REDACTED**] may differ significantly from the market price of our H Shares following the [**REDACTED**]. In addition, there can be no guarantee that: (i) an active [**REDACTED**] for our H Shares will develop; or (ii) if such a [**REDACTED**] does develop, it will be sustained following the completion of the [**REDACTED**]; or (iii) the [**REDACTED**] of our H Shares will not decline below the [**REDACTED**]. Factors such as variations in our revenue, earnings and cash flows or any other developments of the Company may affect the volume and price at which our [**REDACTED**] will be [**REDACTED**].

The liquidity and [REDACTED] of our H Shares may be volatile.

The price and [**REDACTED**] of our H Shares may be highly volatile. Factors, some of which are beyond our control, such as variations in our revenue, earnings and cash flow, changes in our pricing policy as a result of competition, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in ratings by financial analysts and credit rating agencies, litigation, fluctuations in the market prices and demand for our products or services, unexpected business interruptions resulting from natural disasters or power shortages, our inability to obtain or maintain regulatory approval for our operations, or political, economic, financial and social developments in Mainland China, Hong Kong and the global economy, could cause large and sudden changes in the volume and price at which our H Shares will [**REDACTED**].

In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially adversely affect the [**REDACTED**] of our H Shares.

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

Potential [**REDACTED**] will pay a price per Share that substantially exceeds the per Share value of our tangible assets after subtracting our total liabilities and will therefore experience immediate dilution when potential [**REDACTED**] purchase the [**REDACTED**] in the [**REDACTED**]. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the [**REDACTED**], potential [**REDACTED**] would receive less than the amount they paid for their Shares.

We may need to raise additional funds in the future to finance further expansions or new developments in our existing operations. If additional funds are raised through the issuance of new equities or equity-linked securities of the Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of [**REDACTED**] in the Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the Shares.

Future sales or the market perception of sales of a substantial number of our H Shares on the public market could adversely affect the [REDACTED] of our H Shares.

The [**REDACTED**] of our H Shares could decline as a result of future [**REDACTED**] or sales of Shares by us or our Shareholders, or the perception that such [**REDACTED**] or sales could occur. Future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, the issuance of new Shares or other securities relating to our Shares or the perception that such sales or issuances may occur could materially adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future at a time and at a price favourable to us.

RISKS RELATING TO INFORMATION CONTAINED IN THIS DOCUMENT

We cannot guarantee the accuracy of facts, forecasts, and other statistics obtained from official government sources contained in this document.

This document includes certain statistics and facts extracted in whole or in part from various official government sources. We believe that the sources of these statistics and facts are appropriate and we have taken reasonable care in extracting and reproducing such statistics and facts from their respective sources. We have no reason to believe that such statistics and facts are false or misleading in any material respect or that any fact has been omitted that would render such statistics and facts false or misleading in any material respect. Nevertheless, information from official government sources has not been independently verified by us.

Therefore, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any of the [**REDACTED**] or any of our respective directors, affiliates or advisors or any other parties involved in the [**REDACTED**] make no representation as to the accuracy or completeness of these statistics and facts, as such these statistics and facts should not be unduly relied upon.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision. We strongly caution you not to rely on any information contained in press articles or other media coverage relating to us or the [REDACTED].

Prior to the publication of this document, there might have been press articles and/or media coverage regarding us and the [**REDACTED**] which might include certain financial information, financial projections, and other information about us which were not disclosed in this document. Such information might not be sourced from or authorised by us or any other parties involved in the [**REDACTED**], hence, none of these parties accepts any responsibility for the accuracy or completeness of such information or the fairness or appropriateness of any forecasts, views or opinions expressed by the press articles and/or other media coverage regarding us and the [**REDACTED**]. We cannot guarantee and make no representation as to the appropriateness, accuracy, completeness or reliability of any such information. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions based solely on the information contained in this document and should not rely on any other information.

Our historical dividends may not be indicative of our future dividend policy, and we cannot assure you whether and when we will declare and pay dividends in the future.

Distribution of dividends shall be formulated by our Board and will be subject to shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under IFRS, our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, relevant laws and regulations and any other factors determined by our Board from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. Please refer to the section headed "Financial Information — Dividends" in this document for further details of our dividend policy.

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

This Document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions, as they relate to the Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Document. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. [**REDACTED**] should not place undue reliance on such forward looking statements and information.

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

Since the listing of our A Shares on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the Shenzhen Stock Exchange. However, the information we announce in connection with our A Shares listing is based on regulatory requirements and market practices in the PRC, which differ from those applicable to the [**REDACTED**]. Such information does not and will not form a part of this Document. As a result, prospective [**REDACTED**] in our H Shares are reminded that in making their [**REDACTED**] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this Document. By [**REDACTED**] to purchase H Shares in the [**REDACTED**] you will be deemed to have agreed that you will not rely on any information other than that contained in this Document, and any formal announcements made by us in Hong Kong related to the [**REDACTED**].

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

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to [**REDACTED**] that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have an establishment or place of business in China if the relevant income is not effectively

connected with such establishment or place of business. Any gains realized on the transfer of shares by such [**REDACTED**] are subject to a 10% (or a lower rate) PRC income tax rate if such gains are regarded as income from sources within China unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得税法》) and its implementation rules, dividends from sources within China paid to foreign individual [**REDACTED**] who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such [**REDACTED**] on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. It is unclear whether dividends we pay with respect to our H Shares, or the gains realized from the transfer of our [**REDACTED**], would be treated as income derived from sources within China and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident [**REDACTED**], the value of your [**REDACTED**] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

In preparation for the [**REDACTED**], we have applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules and the Companies (WUMP) Ordinance:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong, which normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. As at the Latest Practicable Date, none of our executive Directors resided in Hong Kong.

Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

Since our headquarters and principal business operations and management of our Group are carried out in the PRC, and all of our executive Directors ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, we do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

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

1. we have appointed Mr. Wang Aiguo ("**Mr. Wang**"), our chairman of the Board, executive Director and general manager, and Ms. Chan Yuk Wing ("**Ms. Chan**"), one of our joint company secretaries, as our authorised representatives (the "**Authorised Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorised Representatives will act as our principal channel of communication with the Stock Exchange. Each of the Authorised Representatives will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

2. when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorised Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any changes in the Authorised Representatives. We have provided the Stock Exchange with the contact details (i.e., mobile phone number, office phone number and email address) of each of our Authorised Representatives and our Directors to facilitate communication with the Stock Exchange;

3. all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period of time upon request;

4. in compliance with Rules 3A.19 of the Listing Rules, we have appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**"), which has access at all times to our Authorised Representatives, Directors and other officers of our Company, and will act as an additional channel of communication with the Stock Exchange. Our Company will keep the Stock Exchange up to date in respect of any change to such details. Our Authorised Representatives, our Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, the Authorised Representatives, our Directors and other officers and the Compliance Adviser, and to the extent reasonably practicable and legally permissible, our Company will keep the Compliance Adviser informed of all communications and dealings between our Company and the Stock Exchange; and

5. we shall ensure that there are adequate and efficient means of communication among our Company, our Authorised Representatives, our Directors, other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Stock Exchange.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers that the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules provides that the Stock Exchange will consider the following factors in assessing an individual's "relevant experience":

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

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

(iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

We have appointed Ms. Yu Yu ("**Ms. Yu**") as one of our joint company secretaries. In view of her experience within our Group and her thorough understanding of the internal administration and business operations of our Group, our Directors consider that Ms. Yu is a suitable person to act as a company secretary of our Company. In addition, as the core business and operations of our Group are substantially based and conducted in the PRC, our Directors believe that it is necessary to appoint Ms. Yu as a company secretary whose presence in the headquarters of our Group enables her to attend to the day-to-day corporate secretarial matters concerning our Group.

Given Ms. Yu does not possess the qualification and sufficient relevant experience stipulated in Rule 3.28 of the Listing Rules, she is not able to solely fulfil the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules.

To provide assistance to Ms. Yu and enable her to acquire all qualifications and experience as our company secretary of our Company required under Rule 3.28 of the Listing Rules, we have also appointed Ms. Chan, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Yu for an initial period of three years from the [**REDACTED**].

Since Ms. Yu does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Yu may act as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

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

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

The waiver is valid for an initial period of three years from the [**REDACTED**], and is granted on the condition that Ms. Chan, as a joint company secretary of our Company, will work closely with, and provide assistance to, Ms. Yu in the discharge of her duties as a joint company secretary and in gaining the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations.

Given Ms. Chan's professional qualifications and experience, she will be able to explain to both Ms. Yu and our Company the relevant requirements under the Listing Rules. Ms. Chan will also assist Ms. Yu in organising Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary.

Ms. Chan is expected to work closely with Ms. Yu, and will maintain regular contact with Ms. Yu, our Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. Chan ceases to provide assistance to Ms. Yu as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company.

In addition, Ms. Yu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Ms. Yu will also be assisted by (a) the Compliance Adviser, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Prior to the expiration of the initial three-year period, the qualifications and experience of Ms. Yu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance of Ms. Chan will continue. We will liaise with the Stock Exchange to enable it to assess whether Ms. Yu, having benefited from the assistance of Ms. Chan for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

For the biographical information of Ms. Yu and Ms. Chan, please see "Directors and Senior Management" in this document.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Aiguo (王愛國)	36 Yuyuan Third Road Chengyang District Qingdao City Shandong Province PRC	Chinese
Mr. Li Zonghao (李宗好)	Room 501, Unit 1, Building No. 7 17 Siliu South Road Sifang District Qingdao City Shandong Province PRC	Chinese
Ms. Li Huiying (李慧穎)	1107, Unit 1, Building No. 10 Guojichengmingyuan 8 Fengtian Road Shinan District Qingdao City Shandong Province PRC	Chinese
Mr. Han Bo (韓博)	Room 501, Unit 4, Building No. 64 216 Chengyang Section National Highway 308 Chengyang District Qingdao City Shandong Province PRC	Chinese

Name	Address	Nationality
Independent Non-Executive Directors		
Mr. Wang Yaping (王亞平)	Room 1101, Block B, Wanlihaijing 1 Donghai West Road Shinan District Qingdao City Shandong Province PRC	Chinese
Mr. Sun Jianqiang (孫建強)	Room 601, Unit 2, Building No. 30 23 Xianggang East Road Shinan District Qingdao City Shandong Province PRC	Chinese
Ms. Hong Ting (項婷)	18A, 56 Broadway Mei Foo Sun Chuen Kowloon Hong Kong	Chinese

Please refer to the section headed "Directors and Senior Management" in this document for further details.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, [REDACTED]

China Merchants Securities (HK) Co., Limited
48/F One Exchange Square
8 Connaught Place
Central
Hong Kong

[**REDACTED**]

Legal advisers to our Company

As to Hong Kong law:
Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

ONC Lawyers
19/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law:
Jingtian & Gongcheng
34th Floor, Office Building 3
Huamao Center
No. 77 Jianguo Road
Chaoyang District
Beijing
PRC

Legal advisers to the Sole Sponsor and the [REDACTED]	*As to Hong Kong law:* **Eric Chow & Co. in Association with Commerce & Finance Law Offices** 3401, Alexandra House 18 Chater Road Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 12-15th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Chaoyang District Beijing PRC
Auditors and reporting accountants	**SHINEWING (HK) CPA Limited** *Certified Public Accountants* 17/F, Chubb Tower Windsor House 311 Gloucester Road Causeway Bay Hong Kong
Industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Shanghai Wheelock Square 1717 Nanjing West Road Jingan District Shanghai PRC

[REDACTED]

Compliance adviser	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong

CORPORATE INFORMATION

Registered office in the PRC	No. 2 Road, Qingda Industrial Park Jihongtan Street Chengyang District Qingdao City Shandong Province PRC
Principal place of business in the PRC	No. 2 Road, Qingda Industrial Park Jihongtan Street Chengyang District Qingdao City Shandong Province PRC
Principal place of business in Hong Kong	Room 05, 58/F Two International Finance Centre 8 Finance Street Central Hong Kong
Company's website	www.qdgon.com
Joint company secretaries	**Ms. Yu Yu** Room 602, Unit 1, Building No. 8 567 Huadong Road Gaoxin District Qingdao City Shandong Province PRC **Ms. Chan Yuk Wing** *(Chartered Secretary, Chartered Governance Professional, and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute)* Unit 11, 5/F, Bedford Factory Building No. 51 Bedford Road Tai Kwok Tsui Kowloon Hong Kong

Authorised representatives	**Mr. Wang Aiguo** 36 Yuyuan Third Road Chengyang District Qingdao City Shandong Province PRC
	Ms. Chan Yuk Wing Unit 11, 5/F, Bedford Factory Building No. 51 Bedford Road Tai Kwok Tsui Kowloon Hong Kong
Strategy Committee	Mr. Wang Aiguo *(Chairman)* Mr. Li Zonghao Mr. Han Bo Mr. Sun Jianqiang Mr. Wang Yaping
Audit Committee	Mr. Sun Jianqiang *(Chairman)* Mr. Wang Yaping Ms. Hong Ting
Remuneration and Appraisal Committee	Mr. Wang Yaping *(Chairman)* Mr. Sun Jianqiang Ms. Li Huiying
Nomination Committee	Mr. Wang Yaping *(Chairman)* Ms. Hong Ting Mr. Li Zonghao

[**REDACTED**]

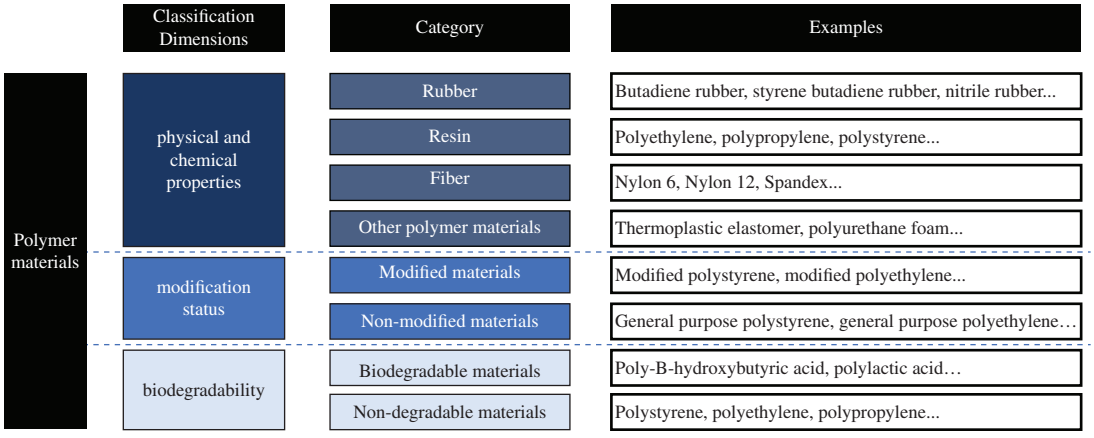
Principal banks	**China Construction Bank Corporation Qingdao Chengyang Branch** 200 Zhengyang Road Chengyang District Qingdao City Shandong Province PRC

Certain information and statistics presented in this section and elsewhere in this document were derived from official government publications and other publicly available sources. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us or any other parties involved in the [**REDACTED**]*, or any of our or their respective directors, officers, or representatives. For discussions of risks relating to our industries, see "Risk Factors — Risks Relating to Our Industry and Business."*

1 OVERVIEW OF GLOBAL AND CHINA POLYMER MATERIALS MARKET

▪ Definition and Classification of Polymer Materials

Polymer materials are compounds with relatively high molecular mass, synthesized from one or more monomers through polymerization reactions. These monomers typically offer outstanding mechanical strength, chemical resistance, and excellent processability. Polymer materials are widely applied across a broad range of industries, including chemical industry, light industry, machinery, electronics, new energy, water conservancy, transportation, automotive, home appliances, aerospace, and construction. In industry practice, polymer materials are commonly classified based on their physical and chemical properties, modification status, and biodegradability:



Source: Frost & Sullivan, China Petroleum and Chemical Industry Federation

- **Analysis of Industry Chain of Polymer Materials Industry**

- ***Functions and Synergies of Upstream, Midstream, and Downstream Roles***

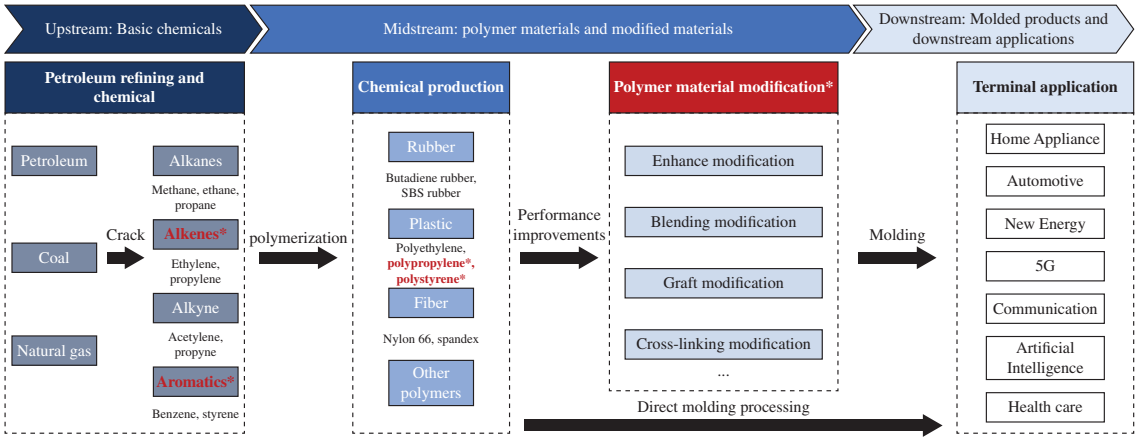
  - **Upstream players** are petrochemical companies that catalyze the cracking of oil, coal, or natural gas. The basic chemicals are often toxic, hazardous, flammable, and explosive in their raw form, making them unsuitable for direct use. These chemicals must undergo polymerization reactions to be synthesized into polymer materials before further processing into downstream products.

  - **Midstream players** consist of manufacturers of polymer materials and modified polymers. Industry classification of these materials is typically based on their physical and chemical properties at operating temperature, dividing them into categories such as rubber, fibers, plastics, and other polymer types. In practical applications, to satisfy the increasingly specialized requirements of downstream industries, such as improved strength, toughness, and heat resistance, these materials are often modified accordingly. According to the different modification additives and modification processes, the material is usually categorized into enhancement modification, blending modification, graft modification, crosslinking modification and etc.

  - **Downstream players** are the end-use enterprises that process polymer materials and modified materials into various parts through molding and manufacturing techniques. These finished products are widely applied across numerous sectors, including home appliances, automotive, new energy, smart home, 5G, communications, artificial intelligence, healthcare, rail transportation, and more.

In the polymer materials industry, upstream players supply basic petrochemical feedstocks and polymer resins; midstream players further modify and enhance these polymers through processes such as blending, grafting and cross-linking to achieve application-specific performance; and downstream players apply the modified materials in end-use products across sectors such as home appliances, automotive, new energy, smart devices and healthcare.

The Company mainly operates as a midstream polymer modification enterprise, focusing on the enhancement, blending and functional modification of polymer materials while progressively extending its vertical integration through the establishment of upstream production capacity. The Company has extended its vertical integration from polymer material modification into upstream plastic materials, including polystyrene, and further upstream into basic chemicals including styrene. The production of these materials involves distinct manufacturing capabilities, technologies and equipment. Vertical integration therefore enhances the Company's technical understanding and control across different stages of the materials value chain, strengthening its technological depth and competitive positioning. The Company maintains long-term procurement arrangements with upstream suppliers to ensure stable sourcing of polymer resins and additives, and downstream customers utilise the Company's customised modified materials to support their product manufacturing processes and performance optimisation.



* the Group's product offering

Source: Frost & Sullivan

- ***Trend of Value Transfer in the Industry Chain***

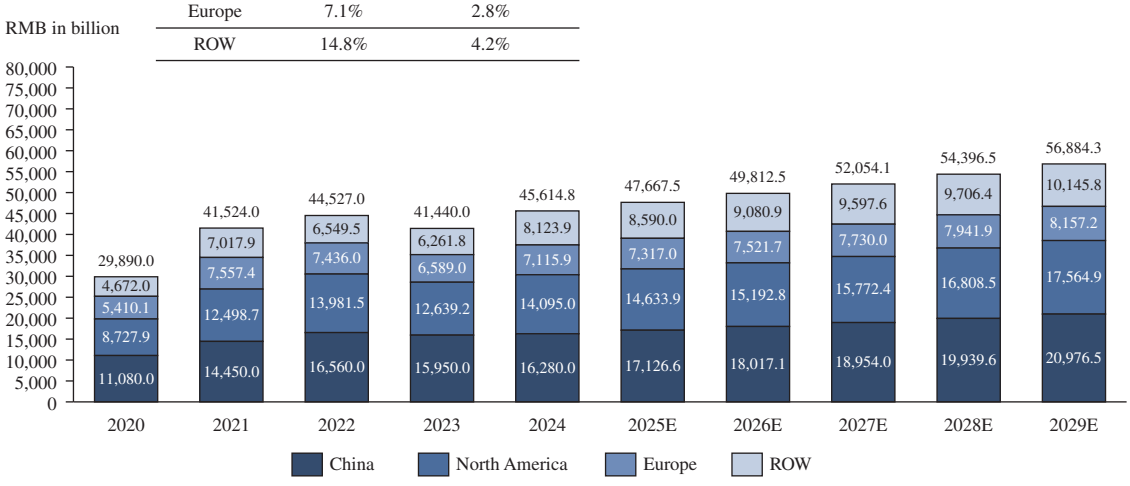
Upstream and downstream vertical integration: in the upstream segment, the technical barriers to the synthesis of general-grade polymer materials are gradually reduced and tend to be popularized, resulting in significant expansion of production capacity and downward pressure on product prices. At the same time, the increasingly diversified consumer demand drive manufacturing enterprises to produce polymer materials with higher performance and specific application requirements, promoting the modified materials tend to high-end application generalization. Based on the high technical threshold and complexity of the formulation process, organic polymer modified materials still maintain a high level of profit in the industry chain. Therefore, chemical companies are gradually shifting the focus of R&D from general-grade polymer materials to organic polymer modified materials with stronger technical complexity and higher added value.

- **Global Market Size of Polymer Materials, 2020-2029E**

The global polymer materials market grew rapidly from RMB29,890.0 billion in 2020 to RMB45,614.8 billion in 2024. Following the overall recovery of the global economy after 2021, the market experienced significant growth, with a CAGR of 11.1% between 2020 and 2024. Due to the high applicability of polymers, the market is expected to grow at a rate equaling to the economic growth rate of economies. From 2025 to 2029, the market is expected to grow steadily at a CAGR of 4.5%, reaching RMB56,844.3 billion by 2029. China's polymer market has shown rapid growth in recent years. With huge market demand and complete industrial chain supporting, China become one of the world's largest production and consumption regions of chemical products. The market expanded from RMB11,080.0 billion in 2020 to RMB16,280.0 billion in 2024, representing a CAGR of 10.1%. It is projected to grow at a CAGR of 5.2% from 2025 to 2029, reaching RMB20,976.5 billion by 2029.

Global Market Size of Polymer Materials, by Sales Amount, 2020-2029E

CAGR	2020 to 2024	2025E to 2029E
Global	11.1%	4.5%
China	10.1%	5.2%
North America	12.7%	4.7%
Europe	7.1%	2.8%
ROW	14.8%	4.2%



Source: Frost & Sullivan, China Petroleum and Chemical Industry Federation

2 OVERVIEW OF THE GLOBAL AND CHINA MARKETS FOR ORGANIC POLYMER-MODIFIED MATERIALS AND ORGANIC POLYMER COMPOSITE MATERIALS

▪ Definition and Classification of Organic Polymer-modified Materials and Organic Polymer Composite Materials Industry

New Chemical Materials refer to a comprehensive category encompassing novel foundational materials, structural and functional materials, organic polymer materials and composites materials (or called polymer materials and composites materials), and high-end chemical products manufactured through chemical processes. This sector represents one of the most dynamic and high-potential fields within modern manufacturing. The rapid advancement of new-generation information technology, biotechnology, new energy, high-end equipment, and green industries has driven increasingly stringent requirements for the new chemical materials sector. These demands extend beyond enhanced material performance, production efficiency, and environmental standards to encompass holistic advancements in material innovation, application diversification, and industrial chain collaboration.

As a critical segment of new chemical materials, organic polymer-modified technologies are divided into two types, based on the ratio of main and auxiliary materials used for material modification:

- ➢ **Organic Polymer-modified Materials** are primarily based on general-grade resins, engineering resins, or special engineering resins. These materials are enhanced through the addition of functional additives or by blending with other resins, with the goal of improving their mechanical strength, rheology, flammability resistance, as well as electrical, thermal, optical, and magnetic properties. As a result, modified materials exhibit greater strength, toughness, fatigue resistance, impact resistance, and improved processability.

- ➢ **Organic polymer Composite Materials** are materials composed of various resins as the matrix, combined with agents such as mineral fibers, carbon fibers, and other materials. Through advanced material formulation techniques, components with different properties are integrated to optimize performance of organic polymer composite materials. Compared with traditional materials, organic polymer composites offer superior specific strength, high specific modulus, fatigue resistance, and vibration damping properties.

- **Analysis of Industry Chain of Organic Polymer-modified Materials and Organic Polymer Composite Materials**

- ***Functions and Synergies of Upstream, Midstream, and Downstream Roles***

  - **Upstream players** are primarily general grade plastics manufacturers. In recent years, the liberalization of large-scale private refining has led to the rapid expansion of China's private refining capacity, significantly driving the growth of general-grade plastics production. However, these general-grade plastics still face challenges in China, such as limited patent protection and inconsistent overall quality. As a result, midstream enterprises often need to modify them to meet the required physical and chemical performance standards.

  - **Midstream players** are mainly producers of organic polymer-modified materials and organic polymer composite materials. As downstream customers increasingly demand diverse physical and chemical properties for different components and applications, modification enterprises must enhance general-grade plastic resins. Consequently, the modified materials segment has become the most technically sophisticated and value-added part of the industry chain. Moreover, through years of R&D and innovation across various plastic categories, modification enterprises have accumulated substantial technical expertise in plastic processing. This foundation enables them to adopt more mature technical approaches when expanding upstream into green petrochemicals, thereby driving technological breakthroughs in the development of specialty-grade plastics.

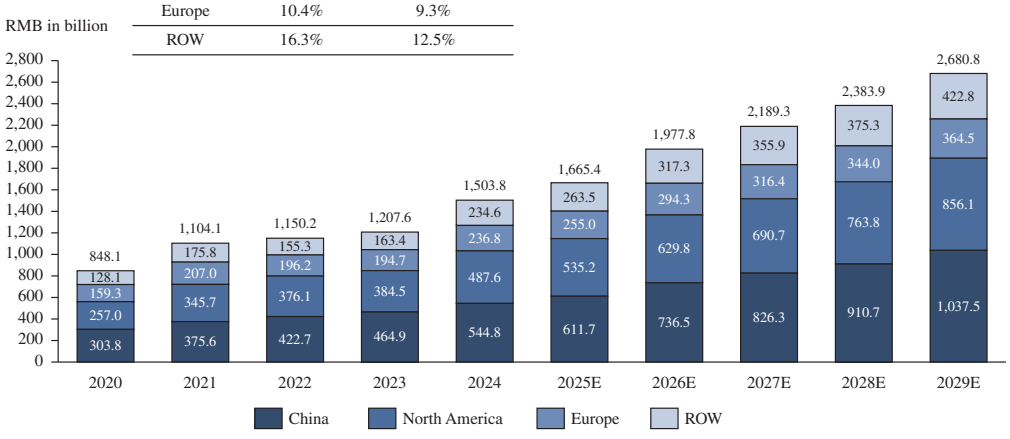
  - **Downstream players** include mainly molded parts manufacturers as well as equipment and industrial end-users. Modified plastics are typically delivered as masterbatches, plates or sheets, which cannot be used directly and must be processed into specific part shapes through various molding techniques. On the one hand, the molding process demands high precision and strict process control. Manufacturers need to understand customer requirements while being proficient in material processing methods, which places high technical demands on molding enterprises. Additionally, due to the high cost of customized molds for different parts, the industry benefits significantly from economies of scale.

- **Organic Polymer-modified Materials and Organic Polymer Composites Materials Market Size: Global and China, 2020-2029E**

Downstream end-users become increasingly familiar with the application and processing of modified materials, their usage has grown rapidly, even far outpacing the growth rate of the overall polymer materials market. The global market for organic polymer-modified and organic polymer composite materials expanded rapidly from RMB848.1 billion in 2020 to RMB1,503.8 billion in 2024, representing a CAGR of 15.4%. The high strength and light weight of the organic polymer modified material has led to its use in a wider range of applications. It is projected to continue growing steadily at a CAGR of 12.6% from 2025 to 2029, reaching RMB2,680.8 billion by 2029. In China, the organic polymer-modified materials and organic polymer composite materials market size increased from RMB303.8 billion in 2020 to RMB544.8 billion in 2024, achieving a CAGR of 15.7%. With the large-scale adoption of organic polymer-modified and composite materials across industries, the China market is expected to maintain strong momentum, growing at a projected CAGR of 14.1% from 2025 to 2029, and reaching RMB1,037.5 billion by 2029.

Global Polymer-modified Materials and Organic Polymer Composites Market Size, by Sales Amount, 2020-2029E

CAGR	2020 to 2024	2025E to 2029E
Global	15.4%	12.6%
China	15.7%	14.1%
North America	17.4%	12.5%
Europe	10.4%	9.3%
ROW	16.3%	12.5%

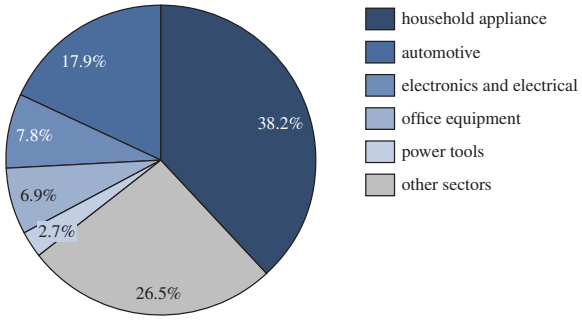


Source: Frost & Sullivan

- ***Applications by Sectors***

Driven by the high applicability of organic polymer-modified materials and organic polymer composite materials, combined with strong demand and a favorable consumption environment, in 2024, based on the application breakdown of these materials in China, the household appliance industry contributed the largest share, approximately 38.2%. Meanwhile, 17.9% of organic polymer-modified materials and organic polymer composite materials were used in the automotive industry, supported by the rapid growth of the automotive market and increasing demand for lightweight solutions. Additionally, 7.8% of them were applied in the electronics and electrical sector, 6.9% in office equipment, and 2.7% in power tools sector, while the remaining 26.5% were used across other sectors.

Applications of Organic Polymer-modified Materials and Organic Polymer Composite Materials in China, by output volume, 2024



Source: Frost & Sullivan, China Petroleum and Chemical Industry Federation

- **Drivers of China's Organic Polymer-modified Materials and Organic Polymer Composite Materials Market**

  - **Rapid growth of new energy vehicles (NEVs) fuels demand for modified materials**: China's new energy passenger vehicle market has experienced rapid growth, with annual sales increasing from 1.3 million units in 2020 to 12.9 million units in 2024, representing a remarkable CAGR of 77.5%. By estimated, sales volume of China's new energy passenger vehicle market will increase to 27.5 million units with a CAGR of 16.4% from 2025 to 2029. The organic polymer-modified materials used in new energy vehicles have high added value. This surge has not only significantly boosted the high demand for vehicle components, but also driven strong demand for modified materials from supporting sectors such as power batteries and charging infrastructure (e.g., charging piles). Benefiting from the growing demand for high-performance modified materials in the NEV industry, the Company is expected to achieve growth in both volume and price.

- **Continued need to modify domestic high-performance engineering plastics:** While China has achieved some breakthroughs in the production of high-performance engineering plastics, the industry is still in a relatively early stage of development. Technical foundations remain less mature compared to global counterparts, and a performance gap still exists particularly in general-grades. As a result, domestically produced engineering plastics often require further modification to meet customer performance requirements. The domestic substitution trend in engineering plastics is expected to drive the Company's continued business growth.

- **Performance enhancement of biodegradable materials offers new growth opportunities:** With the depletion of petroleum resources and growing environmental concerns, the development of biodegradable materials has become a global priority. However, due to their inherent physical and chemical limitations, single-component biodegradable plastics often exhibit inadequate composite properties. Modification is therefore essential to improve their performance, creating new growth opportunities for organic polymer-modified materials. Compared to bio-based degradable materials, petroleum-based products have become the mainstream for degradable plastics due to the versatility of their raw materials and standardized processes. Their raw material supply chain is stable, and their ability to scale is outstanding, significantly reducing the resource constraint risks at the biodegradable plastic production. Modified biodegradable materials are becoming mainstream, and the Company is well-positioned to achieve sustainable growth through its technological and product advantages.

  Policy Support: In recent years, the Chinese government has continued to promote high-quality development in the chemical, petrochemical, and new materials sectors with the promulgation of various policies at national and provincial level. For example, the "Opinions of the CPC Central Committee and the State Council on Accelerating the Comprehensive Green Transformation of Economic and Social Development" (《中共中央國務院關於加快經濟社會發展全面綠色轉型的意見》) call for the green upgrading of industrial structures and the advancement of low-carbon technologies and materials. The "Notice on Promoting the Green and Sustainable Development of the Petrochemical Industry" (《關於促進石化產業綠色可持續發展的通知》) further emphasizes optimizing industrial structure, enhancing the industry's sophistication, intelligence, and sustainability, and supporting the development of new materials and high-performance chemicals. These policy directions have stimulated growing demand across the value chain for functional and high-performance materials, driving innovation and application of polymer modified materials in areas such as heat resistance, flame retardancy, composites, and lightweighting, thereby fostering high-quality and green development of the industry.

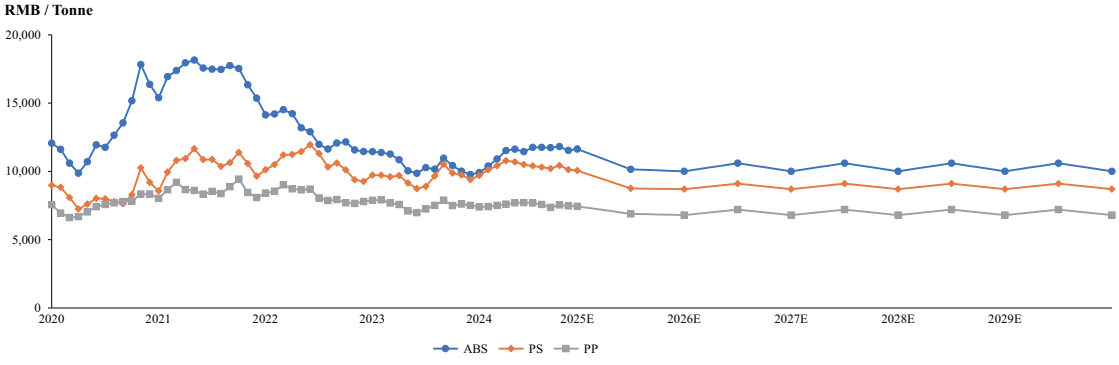
- **Development Trends of China's Organic Polymer-modified Materials and Organic Polymer Composite Materials Industry**

  - ➢ **Integrated upstream and downstream layout of organic polymer-modified materials and organic polymer composite materials:** Organic polymer material modification companies are currently showing a trend toward vertical integration across the upstream and downstream of the industrial chain. Leading companies in organic polymer material modification are actively expanding upstream, leveraging their technical advantages to enhance the stability and controllability of batch raw material supply for modified products. At the same time, expanding into downstream application areas allows them to reuse production experience and technical advantages, thereby providing more value-added comprehensive solutions to downstream customers and deepening customer relationships.

  - ➢ **Overseas expansion of organic polymer-modified materials enterprises:** As downstream Chinese enterprises accelerate their internationalization process, overseas expansion has become a critical development direction for organic polymer material modification enterprises. To deepen customer partnerships and meet their efficient localized production needs, these enterprises establish localized R&D centers and production bases overseas alongside their clients. This localized approach shortens logistics lead times, effectively enhancing product supply efficiency and responsiveness.

- **Analysis of Raw Material and Main Products Price of Organic Polymer Modified Materials and Organic Polymer Composite Materials Market**

Raw Material Price of Organic Polymer Modified Materials, 2020-2029E

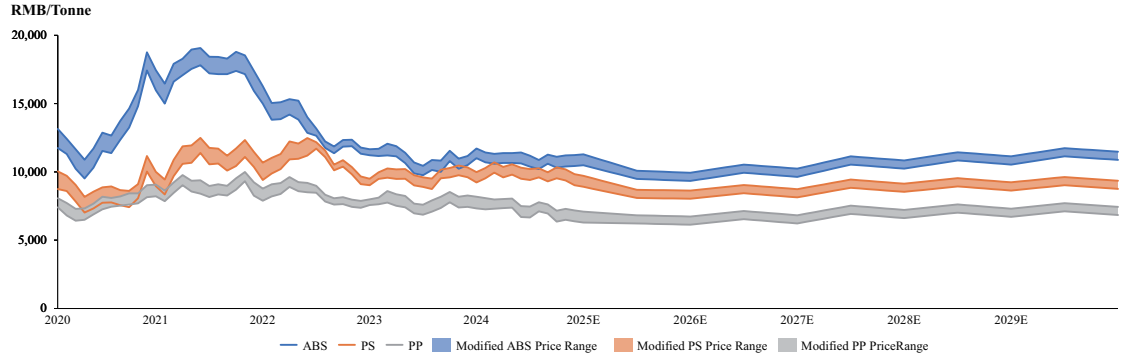


Source: Frost & Sullivan, WIND

General-purpose resins are one of the key raw materials for organic polymer modified materials. From 2020 to 2022, due to China's early recovery from the global economic slowdown period, shortage of supply drove the price of general resins up rapidly. Specifically, the prices of polystyrene (PS), polypropylene (PP), and acrylonitrile-butadiene-styrene copolymer (ABS) increased from RMB7,200 per ton, RMB6,600 per ton, and RMB7,500 per ton, respectively, to RMB12,000 per ton, RMB10,900 per ton, and RMB18,000 per ton. From 2022 to 2024, as China's general resin production capacity expanded rapidly, the prices of these materials gradually returned to normal levels, reaching RMB10,000 per ton, RMB7,300 per ton, and RMB11,000 per ton, respectively.

In the future, with China's continued expansion of general-purpose resin production capacity, overall raw material supply is adequate and minimally affected by geopolitics, trade friction and tariff uncertainty, their prices are expected to remain within a relatively stable range with minor fluctuations.

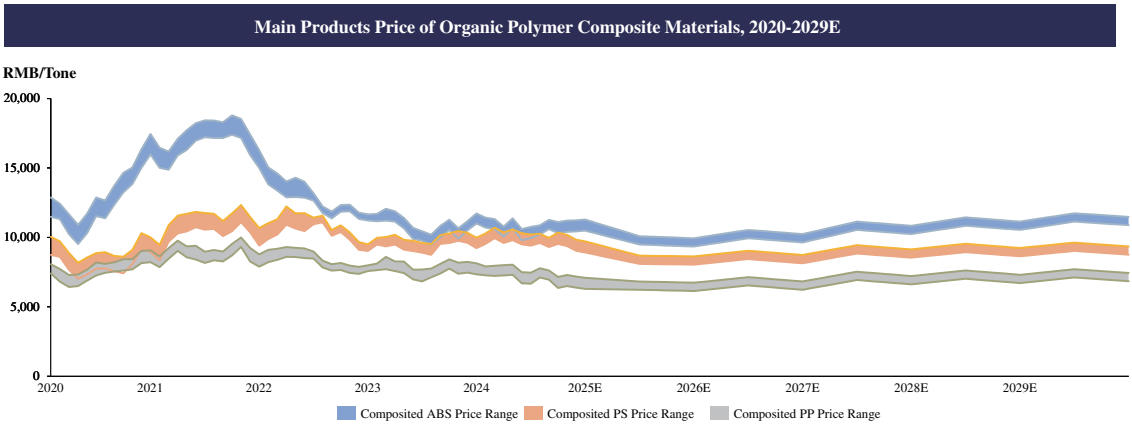
Typical Product Price of Organic Polymer Modified Materials, 2020-2029E



Source: Frost & Sullivan, WIND

The figure above shows the market prices of general-purpose organic polymer modified materials, specifically including modified ABS, modified polystyrene (PS), and modified polypropylene (PP). The price ranges of these modified materials exhibit a strong correlation with their base raw materials, with overall price fluctuation trends moving almost synchronously. However, with the growing demand for more specialized organic polymer modified materials, manufacturers are increasingly utilizing specialized additives or catalytic processing techniques for material modifications. The various cost of these specialized raw materials and advanced processing technologies results in significant price fluctuations of customised-formulated organic polymer modified materials.

From a longer-term perspective, as demand for organic polymer modified materials continues to grow both in China and globally, "plastic-for-metal substitution" is expected to become a major industry trend. We anticipate that the price of organic polymer modified materials will exhibit a modest upward trend amid market fluctuations.



Similar to organic polymer modified material, the price of organic polymer composite material is strongly correlated with the prices of its upstream raw materials. The cost of raw materials has a significant impact on the base price of organic polymer composite material. However, depending on the customized product functionalities required by different customers, the price of organic polymer composite material also exhibits fluctuations similar to those observed in organic polymer modified material. Looking forward, we expect the price trend of organic polymer composite material to generally align with that of organic polymer modified material.

3 OVERVIEW OF THE GLOBAL AND CHINA'S PETROCHEMICAL INDUSTRY

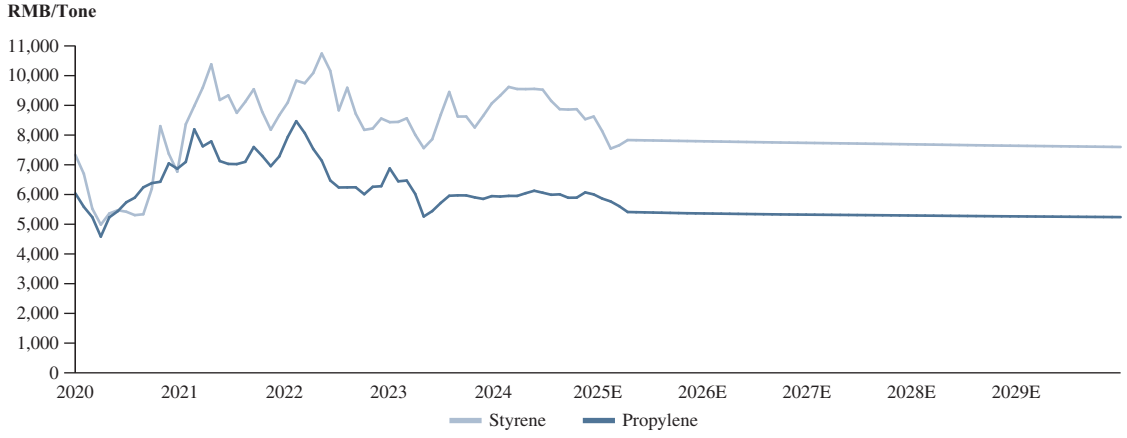
The petrochemical industry refers to the industry that processes, refines, and markets crude oil, natural gas, and coal. Through a series of chemical synthesis, cracking, and processing, crude oil, natural gas, and coal are transformed into basic chemicals, plastics, rubber, fibers, polyurethane chemicals, and other products. The production process includes oil and gas exploration, oil and gas cracking, chemical production, and polymerization of polymer materials, producing chemical raw materials, plastics, rubber, fibers, and over 3,000 types of petrochemical products.

In 2024, the global petrochemical market size was approximately RMB50.0 trillion. China, as the world's most important producer of petrochemical products, had a market size of approximately RMB18.0 trillion, accounting for about 36.0% of the global market. As society advances and develops, China has increasingly imposed green requirements on the petrochemical industry. Different from traditional petrochemicals which are generally classified as "Two-High Projects" (兩高項目) characterized by their high energy consumption (高耗能) and high emission (高排放), green petrochemicals refer to petrochemical materials that are engineered to minimize environmental footprint, conserve energy and are compliant with China's green emission standards under national policy mandates such as the "Shandong Province 'Two-High' Project Management Catalog (2025 Edition)" (《山東省"兩高"項目管理目錄(2025版)》), "Inner Mongolia Autonomous Region 'Two-High' Project Key Management Scope (2025 Edition)" (《內蒙古自治區"兩高"項目重點管理範圍(2025版)》), and "Jiangsu Province 'Two-High' Project Management Catalog (2025 Edition)" (《江蘇省"兩高"項目管理目錄(2025年版)》).

China's green petrochemical industry exhibits a classic market structure of high concentration at the top with a long tail of fragmented smaller players. The market is dominated by state-owned giants, which leverage their trillion-yuan revenue scale and fully integrated chains — from upstream oil and gas to refining and chemicals — to maintain a leading position. Meanwhile, ultra-large private integrated refining complexes, have also become significant forces in the upper market segment due to their massive production capacities. Together, these players form a highly concentrated apex of the industry. In 2024, the combined revenue of these top five enterprises exceeded RMB7,900 billion, accounting for over 44.0% of the total market. Within this landscape of large incumbents, numerous small and medium-sized enterprises (SMEs) have carved out competitive advantages by focusing intensely on niche segments. Through continuous technology R&D and deep alignment with specialized customer needs, they have built considerable technical expertise and strong client loyalty in areas such as specialty chemicals, high-performance materials, or specific process technologies. This strategy of focused specialization has not only secured stable roles within the value chain for these SMEs but also enhanced their bargaining power and brand influence within their target markets.

- **Analysis of Raw Materials and Main Products Price of Green Petrochemical Market**

Raw Material Price of Green Petrochemicals, 2020-2029E



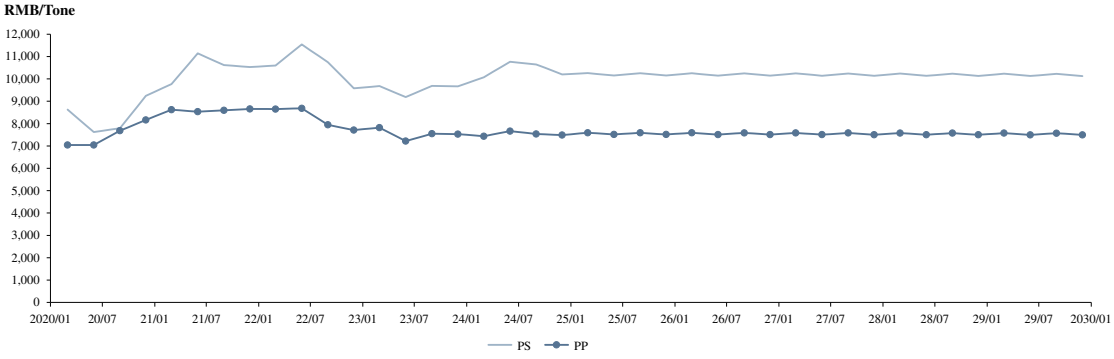
Source: Frost & Sullivan, WIND

The raw material in green petrochemical of the company are styrene and propylene. From 2021 to 2022, styrene prices experienced significant volatility, driven by robust downstream demand and unplanned maintenance shutdowns which constrained supply, with the price peaking at approximately RMB10,200 per ton. Prices subsequently retreated slightly in 2023. In 2024, styrene prices fluctuated again due to certain disturbances in global crude oil supply.

In 2021, prices of propylene surged due to rising international crude oil prices and strong downstream demand from polypropylene and acrylic acid sectors. From 2022 onwards, prices softened as downstream demand stabilized and new production capacities were released. During 2023 to2024, propylene prices continued to fluctuate amid global energy price volatility and regional supply adjustments.

As supply gradually stabilized, prices resumed a downward trajectory. The price of styrene and propylene expects to continue to show a modest declining trend in the coming years.

Main Products Price of Green Petrochemical, 2020-2029E



Polystyrene (PS), polypropylene (PP) are the main productions of our green petrochemical. From 2020 to 2022, due to China's early recovery from the global economic slowdown period, the price of general resins rose rapidly. Specifically, the prices of PS and PP increased from RMB7,200 per ton and RMB6,600 per ton, respectively, to RMB12,000 per ton and RMB10,900 per ton. From 2022 to 2024, as China's general resin production capacity expanded rapidly, the prices of these materials gradually returned to normal levels, reaching RMB10,000 per ton and RMB7,300 per ton, respectively.

In the future, with China's continued expansion of general-grade resin production capacity. Overall raw material supply is adequate and minimally affected by geopolitics, trade friction and tariff uncertainty, and we expect their prices to remain within a relatively stable range with minor fluctuations.

4 MACRO LANDSCAPE OF GLOBAL HEALTH AND WELLNESS SECTOR

▪ Definition and Development Trends of Health and Wellness Industry

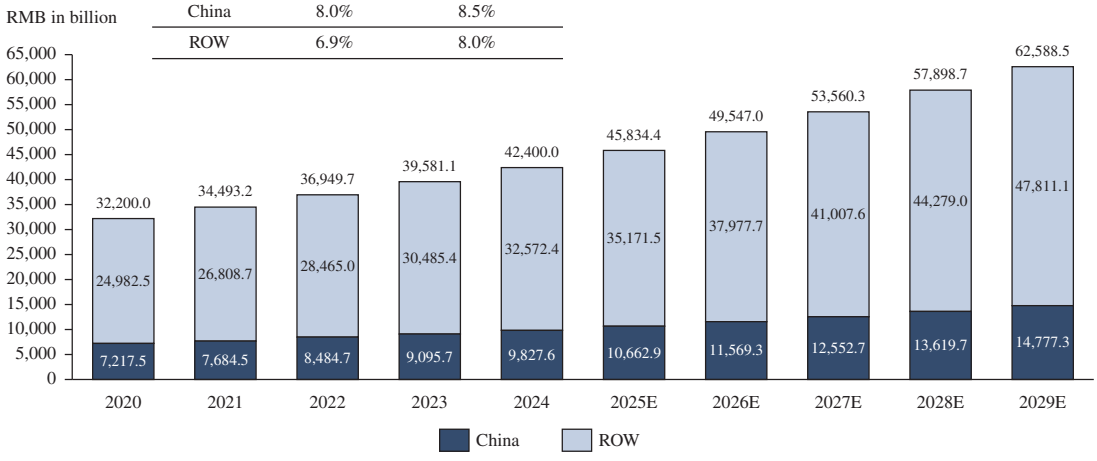
According to the World Health Organization, global average life expectancy has risen significantly, from 66.8 years in 2000 to 73.3 years in 2024. With longer lives, people are increasing focus on improving the quality of life throughout the aging process. The health and wellness industry is a comprehensive ecosystem centered on human health, covering the full lifecycle of services including health management, illness prevention, treatment, rehabilitation, and elderly care. It spans multiple sectors such as medical aesthetics, medicine, health management, and long-term care, forming a vast industry chain. The value of this industry lies not only in delivering a wide range of health-related products and services, but also in addressing the growing demand for holistic health solutions and enhancing the overall well-being of society. From a downstream perspective, the rise of medicine, healthcare product, premium healthcare services, and medical aesthetics, covers demand across all age groups, and represents the core consist of the future development of health and wellness industry.

▪ Health and wellness Market Size: Global and China, 2020-2029E

Influenced by increasing global life expectancy and the growing demand for health care, the global health and wellness market has experienced strong growth, expanding from RMB32,200.0 billion in 2020 to RMB42,400.0 billion in 2024, with a CAGR of 7.1%. With a rapid growing of premium healthcare services and health care products, the market is projected to growing rapidly, reaching RMB62,588.5 billion by 2029 at a CAGR of 8.1% from 2025 to 2029. China's health and wellness market grew from RMB7,217.5 billion in 2020 to RMB9,827.6 billion in 2024, representing a CAGR of 8.0%. From 2025 to 2029, it is expected to maintain its growth with a CAGR of 8.5%, reaching RMB14,777.3 billion by 2029.

Health and wellness Market Size: Global and China, by Sales Amount, 2020-2029E

CAGR	2020 to 2024	2025E to 2029E
Global	7.1%	8.1%
China	8.0%	8.5%
ROW	6.9%	8.0%



Source: Frost & Sullivan, World Bank

5 OVERVIEW OF CHINA GELATIN INDUSTRY MARKET

▪ Definition and Classification of Gelatin

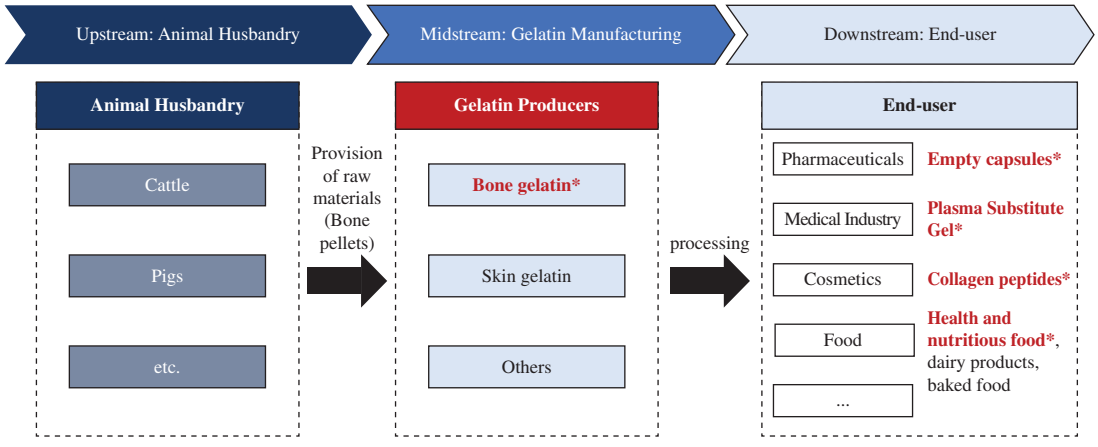
➢ Gelatin is a white or pale yellow, semi-transparent, slightly lustrous flake or powder derived from the partial hydrolysis of collagen extracted from animal connective tissues (e.g., skin, bones, tendons). It exhibits exceptional physicochemical properties and well-documented biocompatibility, making it widely applicable across pharmaceuticals, nutraceuticals, and food industries. Based on the raw materials used and the processing techniques, gelatin is typically classified into the following categories:

- Bone Gelatin: Derived from animal bones (such as bovine or porcine bones), bone gelatin is produced through processes including pre-treatment, gelatin extraction, filtration, concentration, high-temperature setrillization and drying.

- Skin Gelatin: Produced from animal hides (such as pigskin or cowhide), Skin Gelatin undergoes a different manufacturing process to bone gelatin.

▪ Overview of the Gelatin Industry Chain

The upstream segment of the gelatin industry primarily involves animal husbandry (cattle, pigs, etc.). These sectors supply raw materials to gelatin manufacturers. The midstream segment consists of gelatin producers, who extract gelatin from animal tissues like skin and bones which can be further processed into collagen. The downstream segment includes companies that process gelatin into a wide range of end products used across the pharmaceuticals, cosmetics, and food industries. Among downstream products, empty capsules and collagen peptides represent the fastest-growing categories, offering the highest added value.



* the Group's product offering

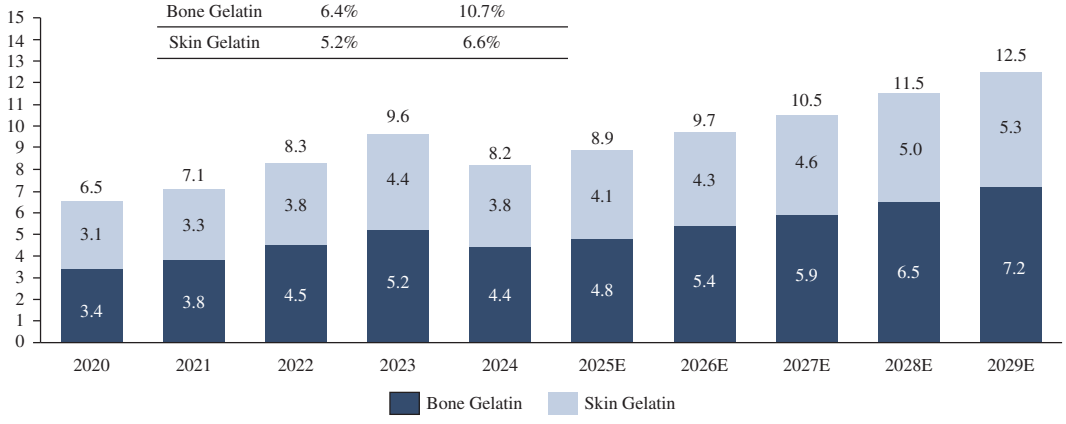
Source: Frost & Sullivan

- **Market Size of the Gelatin Industry in China, 2020-2029E**

The gelatin market in China expanded from RMB6.5 billion in 2020 to RMB8.2 billion in 2024, representing a CAGR of 6.0%. In 2023, China's medical and health demand experienced exponential growth, directly driving a sharp increase in the demand for gelatin. Amid supply constraints, gelatin prices surged rapidly in the short term, significantly expanding the overall market size. By 2024, downstream demand went soft, leading to a rationalization of gelatin prices and a modest decline in the market size compared to the previous year. With the continuous growth of total demand, the market growth rate is expected to remain at a high level. Bone gelatin, characterized by its low allergenicity and high biocompatibility, has become a key driver of market expansion, particularly in high-value applications such as premium capsules, hemostatic materials, and cosmetic products across the medical and pharmaceutical sectors. Simultaneously, the exploration of collagen peptide in emerging fields, such as new energy vehicles (e.g., electrolyte copper foil additives), is gradually unfolding, providing diversified growth momentum. The gelatin market is expected to grow at a CAGR of 8.9% from 2025 to 2029, reaching RMB12.5 billion by 2029.

Market Size of the Gelatin Industry in China, by Sales Amount, 2020-2029E

CAGR	2020 to 2024	2025E to 2029E
Gelatin	6.0%	8.9%
Bone Gelatin	6.4%	10.7%
Skin Gelatin	5.2%	6.6%

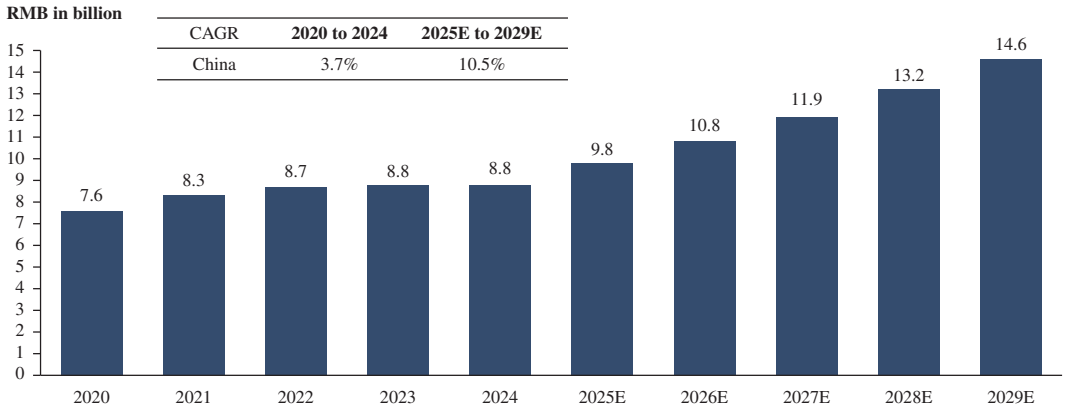


Source: Frost & Sullivan, Chinese Gelatine

- **Market Size of Empty Capsules in China, 2020-2029E**

China's empty capsules market expanded from RMB7.6 billion in 2020 to RMB8.8 billion in 2024, reflecting a CAGR of 3.7%. In 2023, driven by stockpile for pharmaceutical products, the consumption of empty capsules maintained a modest growth rate. By 2024, as market absorption of inventory progressed, capsule prices experienced a slight decline, while the overall market size remained stable. Driven by the increasing demand from the silver economy and the medical and healthcare sectors, consumers are expecting safer and more various empty capsule, so the market is expected to continue to grow at a CAGR of 10.5% from 2025 to 2029, and reaching RMB14.6 billion by 2029.

Market Size of Empty Capsules in China, by Sales Amount, 2020-2029E

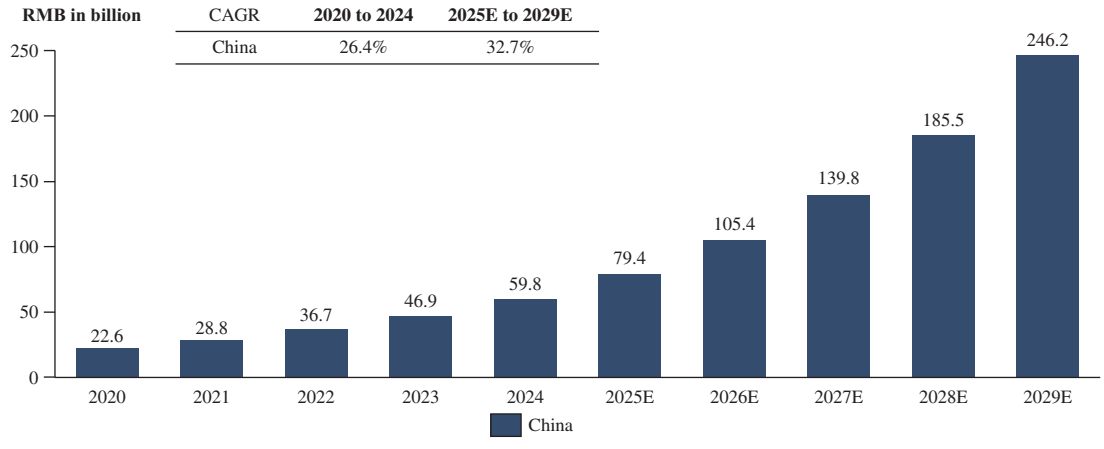


Source: Frost & Sullivan

- **Market Size of Collagen Peptides in China, 2020-2029E**

China's collagen peptides market grew from RMB22.6 billion in 2020 to RMB59.8 billion in 2024, representing a CAGR of 26.4%. Supported by increased domestic production capacity and improvements in manufacturing processes, the supply of collagen peptides has steadily expanded. As national living standards rise and consumer focus on personal beauty intensifies, growing demand is increasingly being met by this enhanced supply. The market is projected to grow at a CAGR of 32.7% from 2025 to 2029, reaching RMB246.2 billion by 2029.

Market Size of Collagen Peptides Industry in China, by Sales Amount, 2020-2029E



Source: Frost & Sullivan

- **Drivers of China's Gelatin Industry**

  - **Aging population driving demand for empty capsules:** As the population continues to age and living standards improve, there is a rising need for health management solutions and elderly care products. This trend has accelerated the development of the healthcare products industry. As a key pharmaceutical excipient for health supplements and medicines, the demand for empty capsules has been rising steadily year by year, which in turn drives the growth of the Company's gelatin business used in capsule production.

  - **Growing appliance of gelatin and collagen peptides for food products:** With the rapid advancement of China's economy and rising per capita disposable income, consumers are increasingly seeking diverse food options. With its multifunctionality, health attributes, and cross-industry applicability, gelatin offers consumers a diverse range of choices from low-sugar, high-protein food to customized products. It is widely utilized in multiple sectors, including confectionery, dairy, burst balls, meat products, baking, and ice cream, which supports the continued increase in demand for the Company's food-grade gelatin products.

- **Development Trends of China Gelatin Industry**

The gelatin industry in China is evolving along multi-dimensional drivers. On one hand, heightened consumer awareness regarding food safety and health is driving the industry toward large-scale production and enhanced safety protocols. Concurrently, technological innovation is propelling the sector toward high-value and differentiated functional gelatin products. Furthermore, continuous expansion into emerging application fields is unlocking new growth opportunities.

  - **Import Substitution in High-End Medical Applications Such as Plasma Substitute Gelatin:** Plasma substitute gelatin is critical in medical/pharmaceutical, aesthetic medicine, and vaccine sectors, with applications including: succinylated gelatin injection, polygeline injection, hemostatic materials, tissue and organ repair, microneedle patches, artificial bone substitutes. Domestic technological breakthroughs have enabled localized mass production, breaking international monopolies and achieving full import substitution. The Company's high-end medical-grade gelatin, including plasma substitute gelatin, has gradually achieved import substitution in these applications.

  - **In New Material Sectors:** Collagen is expanding beyond traditional uses into emerging industries like health and beauty, new energy materials and textile manufacturing. In lithium-ion battery production, collagen modifies electrolytic copper foil electrodeposition by regulating preferential crystal plane orientation, enhancing copper foil performance. In textile manufacturing, by replacing other chemical auxiliaries, collagen improves skin-friendliness of fabrics while enabling

healthy, low-carbon, and eco-friendly production. Adoption aligns with Green Factory standards for resource efficiency and waste minimization. The Company's high-grade industrial gelatin is currently undergoing trial use in the copper foil sector.

➢ **International market expansion:** Expanding into international markets has become both a key strategy for enhancing enterprise competitiveness and an important driver of economic growth and cultural exchange. Chinese gelatin producers are actively expanding into international markets. By collaborating with global clients and formulating differentiated market development strategies to meet diverse client requirements, they integrate solution-oriented approaches with competitive marketing strategies to continuously enhance the market influence of Chinese gelatin products. The Company has expanded into international markets, achieving large-scale exports of its gelatin products.

5 MARKET COMPETITION ANALYSIS

- **Competitive Landscape and Rankings Green Petrochemical Enterprises in China**

- ***Ranking of Green Petrochemical Enterprises in China in 2024 by Revenue (RMB in billion)***

Ranking	Enterprises	Revenue (Billion RMB)	Market Share
1	**Company Q**	3,074.5	17.1%
2	**Company R**	2,937	16.3%
3	**Company S**	871.5	4.8%
4	**Company T**	612.6	3.4%
5	**Company U**	420.5	2.3%
	Others	10,083.0	56.0%
	Total	18,000.0	100.0%

Notes:

– Company Q: Founded in 1998, an conglomerate headquartered in Beijing. Main products: refined petroleum products, and ethylene.

– Company R: Founded in 1990, a company based in Beijing. Main products: crude oil, natural gas, and refined products.

– Company S: Founded in 1999 listed on Shanghai Stock Exchange, based in Dalian. Main products: polymer materials and refined products.

– Company T: Founded in 1995, listed on Shenzhen Stock Exchange, based in Hangzhou, Main products: PTA, polyester, and polyester filament.

– Company U: Founded in 1982, listed on Shanghai Stock Exchange, headquartered in Beijing. Main products: crude oil, natural gas, and LNG (Liquefied Natural Gas).

- **Competitive Landscape and Rankings of Organic Polymer-modified Materials Enterprises in China (2024)**

The competitive landscape of China's Organic Polymer-modified materials market is relatively fragmented, with a large number of small and medium-sized enterprises (SMEs) engaged in intense homogeneous competition in the low-end product segment. However, large private enterprises are driving industry consolidation through mergers and acquisitions (M&A), continuously expanding into niche segments through operational flexibility and innovation capabilities, thereby propelling the industry toward high-end and differentiated development.

- ***Rankings of Polystyrene enterprises in China in 2024 by Revenue (RMB in Billion)***

Ranking	Enterprises	Revenue (Billion RMB)	Market Share
1	**Company A**	4.6	12.2%
2	**Company B**	2.4	6.4%
3	**Company C**	2.3	6.1%
4	**Company D**	2.1	5.6%
5	**Company X**	1.9	5.0%
	Others	24.4	64.7%
	Total	37.7	100.0%

Notes:

– Company A: Founded in 1953, a private company headquartered in Taiwan. Main products: plastic and rubber, and polymer modified material.

– Company B: Founded in 1992, listed on the Shenzhen Stock Exchange, headquartered in Jiaxing. Mainproducts: high-end polyolefins, electronic chemicals, hydrogen energy utilization, CO2 recycling.

– Company C: Founded in 1992, a private company headquartered in London. Main products: petrochemicals, specialty chemicals, petroleum products.

– Company D: Founded in 2019, a private company headquartered in Ningbo. Main products: thermoplastics, synthetic resins.

– Company X: Founded in 2001, a company headquartered in Shanghai, Main products: ethylene, polyethylene, polypropylene, styrene and related derivatives.

- ***Rankings of Polystyrene Enterprises in China in 2024 by Production Capacity (in kilo tonnes per year)***

China's polystyrene market exhibits relatively high concentration, with leading players rapidly capturing market share through massive production capacity. Based on 2024 production capacity, our company leads the Chinese market with an annual production capacity of 1,000 kilo tonnes per year, accounting for 13.0% of China's market share and ranking as China's largest polystyrene producer. The table below details the ranking of major polystyrene manufacturers in China:

Ranking	Enterprises	Production Capacity (Kilo tonnes per year)	Market Share
1	**The Company**	**1,000**	**13.0%**
2	Company A	870	11.3%
3	Company B	400	5.2%
4	Company C	400	5.2%
5	Company D	400	5.2%
	Others	4,630	60.1%
	Total	**7,700**	**100.0%**

Source: Frost & Sullivan, annual report from listing companies

Notes:

– Company A: Founded in 1953, a private company headquartered in Taiwan. Main products: plastic and rubber, and polymer modified material.

– Company B: Founded in 1992, listed on the Shenzhen Stock Exchange, headquartered in Jiaxing. Main products: high-end polyolefins, electronic chemicals, hydrogen energy utilization, CO_2 recycling.

– Company C: Founded in 1992, a private company headquartered in London. Main products: petrochemicals, specialty chemicals, petroleum products.

– Company D: Founded in 2019, a private company headquartered in Ningbo. Main products: thermoplastics, synthetic resins.

- ***Rankings of Organic Polymer Modified Materials and Organic Polymer Composite Materials Enterprises (Organic polymer modified Segment) in China in 2024 by Revenue (RMB in billion)***

In the polymer material industry, since organic polymer modified materials and organic polymer composite materials share similar downstream customer sectors and application scenarios, the industry typically consolidates them under unified discussions.

China's organic polymer modified material and organic polymer composite materials market exhibits relatively low concentration, with leading upstream polymer enterprises having partial production capacity in this segment. Based on 2024 revenue, Top 5 players collectively hold 10.6% market share. Our modification segment generated RMB13.5 billion revenue, accounting for 2.5% of China's market and ranking as China's second-largest producer by revenue. This revenue scale demonstrates significant advantage over subsequent competitors. The table below details major Chinese organic polymer modified material manufacturers:

Ranking	Enterprises	Revenue (Billion RMB)	Market Share
1	Company E	32.1	5.9%
2	The Company	**13.5**	**2.5%**
3	Company F	4.5	0.8%
4	Company G	3.8	0.7%
5	Company H	3.8	0.7%
	Others	487.1	89.4%
	Total	**544.8**	**100.0%**

Source: Frost & Sullivan, annual report from listing companies

Notes:

– Company E: Founded in 1993, listed on the Shanghai Stock Exchange, headquartered in Guangzhou. Main products: polymer modified material, carbon fiber and composite materials, healthcare polymer materials.

– Company F: Founded in 2008, listed on the Shanghai Stock Exchange, headquartered in Hefei. Main products: polymer modified material, specialty engineering materials and eco-friendly high-performance PCR materials.

– Company G: Founded in 2002, listed on the Shenzhen Stock Exchange, headquartered in Longkou. Main products: thermoplastic elastomers, polymer modified material, masterbatch.

– Company H: Founded in 1999, listed on the Shenzhen Stock Exchange, headquartered in Shanghai. Main products: polymer modified material, ICT materials, specialty chemicals.

- ***Ranking of Organic Polymer Modified Materials and Organic Polymer Composite Materials enterprise in 2024 by Capacity Volume (in kilo tonnes)***

Ranking	Enterprises	Capacity Volume (kilo tonnes)	Market Share
1	**Company E**	3,720.0	7.0%
2	**The Company**	**1,800.0**	**3.4%**
3	**Company F**	760.0	1.4%
4	**Company G**	500.0	0.9%
5	**Company H**	480.0	0.9%
	Others	45,740	86.3%
	Total	53,000	100.0%

Notes:

– Company E: Founded in 1993, listed on the Shanghai Stock Exchange, headquartered in Guangzhou. Main products: polymer modified material, carbon fiber and composite materials, healthcare polymer materials.

– Company F: Founded in 2008, listed on the Shanghai Stock Exchange, headquartered in Hefei. Main products: polymer modified material, specialty engineering materials and eco-friendly high-performance PCR materials.

– Company G: Founded in 2002, listed on the Shenzhen Stock Exchange, headquartered in Longkou. Main products: thermoplastic elastomers, polymer modified material, masterbatch.

– Company H: Founded in 1999, listed on the Shenzhen Stock Exchange, headquartered in Shanghai. Main products: polymer modified material, ICT materials, specialty chemicals.

- **Competitive Landscape and Rankings of Gelatin Manufacturing Enterprises in China (2024)**

- ***Rankings of Bone Gelatin Manufacturing Enterprises in China in 2024 by Revenue (RMB Billion)***

Bone gelatin production requires advanced technology and serves high-value sectors like premium medical and cosmetic applications. The competitive landscape of bone gelatin is relatively concentrated. In the early stage of industry development, the high-end segment of China's bone gelatin market was mainly dominated by foreign manufacturers. However, with continuous technological advancements, Chinese bone gelatin producers have gradually gained competitiveness and become the mainstream players, taking a leading position in the market. The table below ranks China's bone gelatin manufacturers in terms of revenue:

Ranking	Enterprises	Nature	Revenue (Billion RMB)	Market Share
1	Company I	Foreign	1.03	23.6%
2	Company J	Domestic	0.38	9.5%
3	**Dongbao Bio-Tech**	**Domestic**	**0.42**	**8.6%**
4	Company K	Foreign	0.32	7.3%
5	Company L	Domestic	0.17	3.8%
	Others		2.06	47.2%
	Total		**4.38**	**100.0%**

- ***Rankings of Bone Gelatin Manufacturing Enterprises in China in 2024 by Production volume (in kilo tonnes)***

Based on 2024 production, our production reached 9.7 kilo tonnes, holding 11.8% share of China's market and ranking as China's 2nd largest bone gelatin producer overall and largest domestic producer. The table below ranks China's bone gelatin manufacturers:

Ranking	Enterprises	Nature	Production volume (Kilo Tonnes)	Market Share
1	Company I	Foreign	17.8	21.6%
2	**Dongbao Bio-Tech**	**Domestic**	**9.7**	**11.8%**
3	Company J	Domestic	8.0	9.7%
4	Company K	Foreign	5.5	6.7%
5	Company L	Domestic	3.2	3.9%
	Others		38.3	46.3%
	Total		**82.5**	**100.0%**

Source: Frost & Sullivan, annual report from listing companies

Notes:

– Company I: Founded in 1883, a private company headquartered in France. Main products: gelatin, collagen.

– Company J: Founded in 1997, a private company headquartered in Guanghan. Main products: capsule gelatin, food-grade gelatin, collagen protein.

– Company K: Founded in 1875, a private company headquartered in German. Main products: gelatin, collagen protein.

– Company L: Founded in 2011, a private company headquartered in Weifang. Main products: edible gelatin, capsule gelatin, bone-based dicalcium phosphate.

- ***Rankings of Empty Capsules Manufacturing Enterprises in China in 2024 by Revenue (RMB Billion)***

Base on 2024 revenue, our revenue reached 0.37 billion RMB, holding 6.9% share of China's market and ranking as fourth largest producer of empty capsules manufacturing enterprise. From the perspective of the empty capsules market, the accelerated progress of pharmaceutical localization in China has driven the transition of empty capsule production from foreign manufacturers to domestic enterprises. Meanwhile, Chinese companies have further strengthened their competitiveness in the global market through the export of capsules. The table below ranks China's bone gelatin manufacturers in terms of revenue:

Ranking	Enterprises	Nature	Revenue (Billion RMB)	Market Share
1	Company M	Domestic	0.47	9.0%
2	Company O	Domestic	0.41	7.8%
3	Company N	Domestic	0.37	7.0%
4	**Yiqing Bio-Tech**	**Domestic**	**0.37**	**6.9%**
5	Company P	Domestic	0.10	1.9%
	Others		3.56	67.4%
	Total		**5.28**	**100.0%**

- ***Rankings of Empty Capsules Manufacturing Enterprises in China in 2024 by Production volume (in billion capsules)***

As a critical pharmaceutical excipient, production capability signifies industry competitiveness in empty capsule. Based on 2024 production, our production reached 30.4 billion capsules, capturing 7.1% share of China's market and ranking as China's second-largest domestic producer. The table below lists major Chinese empty capsule manufacturers:

Ranking	Enterprises	Nature	Production (Billion Capsules)	Market Share
1	Company M	Domestic	35.5	8.3%
2	**Yiqing Bio-Tech**	**Domestic**	**30.4**	**7.1%**
3	Company N	Domestic	21.9	5.1%
4	Company O	Domestic	20.8	4.8%
5	Company P	Domestic	9.0	2.1%
	Others		312.5	72.6%
	Total		**430.1**	**100.0%**

Source: Frost & Sullivan, annual report from listing companies

Notes:

– Company M: Founded in 1989, listed on the Shenzhen Stock Exchange, headquartered in Huangshan. Main products: gelatin capsules, enteric gelatin capsules.

– Company N: Founded in 2001, a private company headquartered in Zhenjiang. Main product: gelatin capsules and HPMC capsules.

– Company O: Founded in 1992, listed on the Shenzhen Stock Exchange, headquartered in Zibo. Main products: cellulose ethers and HPMC capsules.

– Company P: Founded in 2002, listed on NEEQ, headquartered in Shaoxing. Main products: gelatin capsules, HPMC capsules.

- **Market Barriers**

➢ Organic Polymer-Modified and Organic Polymer Composite Materials Industry

- Technological barriers: The core competitiveness of the organic polymer-modified and organic polymer composite materials industry lies in product formulation design and R&D capabilities. Companies must possess a certain high level of expertise in materials science and process engineering to develop products that meet diverse customer demands.

- Financial barriers: Significant capital investment is required across various stages of organic polymer-modified materials and organic polymer composites industry, including technology development, product innovation, and production line expansion. From raw material procurement and equipment acquisition to R&D efforts, each phase demands substantial financial resources.

- Scale carriers: Compared to many other industries, the organic polymer-modified and organic polymer composite materials industry benefits greatly from economies of scale. Larger-scale operations enable enterprises to reduce production costs, offer more competitive pricing, and enhance overall market competitiveness.

- Channel barriers: Strong sales networks is essential in organic polymer-modified materials and organic polymer composites industry. Downstream customers often prefer long-term partnerships with suppliers that have a solid reputation.

➢ Gelatin Industry

- Technical barriers: New entrants must demonstrate advanced technological capabilities and innovation to compete with established industry players. The production of gelatin and its derivatives involves complex chemical and bioengineering processes, requiring high-level scientific research, as well as access to sophisticated laboratory and production equipment.

- Scale barriers: In the gelatin industry, scale barriers primarily involve the construction and expansion of production capacity. Enterprises with large-scale production capabilities are better positioned to achieve cost advantages through optimized raw material sourcing, enhanced technological integration, and improved production efficiency. These advantages significantly strengthen their competitive position in the market.

- Channel barriers: Distribution channels play a vital role in the market penetration of gelatin products and are a key factor in determining competitiveness. A well-developed sales network enables enterprises to access more potential customers and increase market share for their products.

- Financial barriers: The gelatin industry demands significant capital investment, particularly for scaling production and expanding market presence. As enterprises grow and upgrade production technologies, investment needs increase, especially in raw material procurement, equipment acquisition, R&D, and product innovation.

SOURCE OF INFORMATION

In preparing the Frost & Sullivan Report, Frost & Sullivan has relied on its in-house database, independent third-party reports, and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices, and other relevant information. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected and believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct, and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. In compiling and preparing the research, Frost & Sullivan assumed that the social, economic, and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of chemical engineering industry. In addition, Frost & Sullivan has developed its forecast on the following bases and assumptions: (i) the economy in the global range is likely to maintain stable growth in the next decade, and (ii) chemical engineering industry are expected to grow based on the macroeconomic assumptions of the economy. Frost & Sullivan's research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Except as otherwise noted, all data and forecasts in this section come from the Frost & Sullivan Report.

DIRECTORS' CONFIRMATION

After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no detrimental change in the market information demonstrated in the Frost & Sullivan Report since the date of the report that may qualify, contradict or have an impact on the information in this document.

OVERVIEW

Our business in the PRC is subject to extensive supervision and regulatory control by the PRC government. This section includes a summary of the most significant rules and regulations, that are relevant to us as advised by our PRC Legal Advisers, because they may affect our business activities, corporate structure or the rights of our shareholders to receive dividends and other distributions from us. As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had complied with these applicable PRC laws and regulations in all material respects.

REGULATIONS ON OVERSEAS DIRECT INVESTMENT

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the State Administration of Foreign Exchange of the PRC (the "SAFE") on July 13, 2009 and came into effect on August 1, 2009, upon obtaining approval for overseas investment, an enterprise in mainland China shall apply for foreign exchange registration for its overseas direct investments. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on February 13, 2015 and came into effect on June 1, 2015, the administrative approval for foreign exchange registration approval under overseas direct investment has been canceled, and the banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in mainland China such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US$300 million or above

invested by local enterprise in mainland China or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in mainland China is less than US$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

REGULATIONS ON FOREIGN EXCHANGE

Pursuant to the Regulations on the Administration of Foreign Exchange of the PRC (《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 and effective on August 5, 2008, matters on foreign exchange administration in China can be divided into current accounts (such as trade-related income and expenses and payments of interest and dividends) and capital accounts (such as direct equity investment, loans and divestment). Funds under current accounts or capital accounts can only be remitted in or out after going through foreign exchange (such as settlement or purchase) related procedures or even upon obtaining necessary permits and reasonable review.

The Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**Circular 59**"), which was promulgated by the SAFE on November 19, 2012, and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedures. Pursuant to Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces. In February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), part of which was abolished in December 2019. It stipulates that banks shall, on behalf of the SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and the SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

On May 11, 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**Circular 21**"), which became effective on May 13, 2013, amended on October 10, 2018, and partially abolished on December 30, 2019. Circular 21 stipulates that the SAFE and its local branches shall manage foreign investors' direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by the SAFE or its branches.

Pursuant to the Notice on Issues Concerning the Administration of Foreign Exchange in Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014 and effective on the same date, a domestic company shall, within 15 working days from the date of the end of its overseas listing, register the overseas listing with the administration of foreign exchange at the place of its establishment. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the relevant content included in the document and other disclosure documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), which was promulgated on March 30, 2015, became effective on June 1, 2015, and partially abolished on December 30, 2019 and latest amended on March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis based on the actual needs of their business operations. Foreign invested enterprises are prohibited from using the foreign exchange capital settled in RMB: (1) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (2) for direct or indirect securities investment; (3) to provide entrusted loans (unless permitted in the business scope), repay inter-company loans (including advances to third parties) or repay RMB bank loans that have been on-lent to a third party; and (4) to purchase real estate not for self-use purposes (save for real estate enterprises). Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**") promulgated and implemented by the SAFE on June 9, 2016 and partially amended on December 4, 2023, discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds, and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

On January 26, 2017, the SAFE issued and implemented on the same date the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Management Reform (《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》) (the "**Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (1) when handling remittance of profit at an amount of over US$50,000 for domestic institutions, banks shall review board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements to check if the transactions are genuine; and (2) domestic entities shall make up for previous years' losses before remitting the profits. In addition, pursuant to Circular 3, domestic entities shall make detailed explanations to the bank in respect of the sources of the capital and its utilization arrangements, and provide board resolutions, contracts, and other supporting materials when undergoing the filing procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) which became effective on the same date (except for Clause 2 of Article 8, which became effective on January 1, 2020, and partly amended on December 4, 2023). The Notice cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot areas are also allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts.

According to the Notice on Optimizing Foreign Exchange Management to Support the Development of Foreign Businesses (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification; provided that the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts. Relevant banks should conduct spot checks in accordance with relevant provisions.

REGULATIONS ON CYBERSECURITY AND DATA PROTECTION

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which became effective on June 1,2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are broadly defined as owners and administrators of networks and network service providers, and such network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who construct or operate networks or provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and a network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties. In addition, critical information infrastructure operators (the "**CIIOs**") shall, during their operations in the PRC, store within the PRC the personal information and important data collected and generated within the territory of the PRC, and where cross-border transfer of such data is necessary for business, a security assessment shall be conducted in accordance with the measures formulated by the national cyberspace authority in conjunction with the relevant departments under the State Council.

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") which became effective on September 1,2021. According to the Data Security Law, "data" is defined as any record of information in electronic or other forms, and the processing activities of data includes the collection, storage, use, processing, transmission, provision and disclosure of data. The Data Security Law is broadly applicable to such processing activities of data which are carried out in the PRC or, where carried out outside the PRC, damage the national security, public interests or the legitimate rights and interests of citizens and organizations of the PRC. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility, including without limitation, that any organization or individual collecting data shall adopt lawful and proper methods and shall not steal data or obtain the data by other illegal means, and risk monitoring shall be strengthened when data processing activities are carried out, and where risks such as data security flaws and vulnerabilities are discovered, remedial measures shall be immediately taken.

On July 30, 2021, the State Council promulgated the Regulations of Security Protection for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "**CII Protection Regulations**"), which became effective on September 1, 2021. Pursuant to the CII Protection Regulations, critical information infrastructure refers to important network infrastructure and information systems of important industries and fields such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government affairs and national defense science, and other important ones whose damage, function loss or data leakage may endanger national security, people's livelihood and public interests. According to the CII Protection Regulations, the competent administrative departments and supervisory departments, which govern each respective important industry or field, shall be responsible for formulating the identification rules on and organizing the identification of the critical information infrastructure in such industry or field, and such departments should promptly notify the CIIOs of the identification results.

On September 24, 2024, the Cyberspace Administration of China (the "**CAC**") announced the Cyber Data Security Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025, stipulates that cyber data handlers who carry out cyber data handling activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the cyber data handling activities conducted by cyber data handlers in the view of personal data protection, important data safety, cross-border data transfer safety management and obligations of network platform service provider. Cyber data handlers shall identify and declare important data in accordance with relevant state regulations. For data confirmed as important data, relevant regions and departments shall promptly inform cyber data handlers or make public announcements. Cyber data handlers shall fulfill their responsibilities for cyber data security protection. Handlers of important data shall designate

persons in charge of cyber data security and establish cyber data security management institutions. Cyber data security management institutions shall fulfill their responsibilities for cyber data security protection. Handlers of important data shall conduct risk assessments of their cyber data handling activities on an annual basis and submit risk assessment reports to relevant competent departments at or above the provincial level.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**") which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) a CIIO purchasing network products and services or a network platform operator that engages in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) a network platform operator with personal information of more than one million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

We manufacture and sell collagen peptides-based products under our own brands to end consumers through third-party e-commerce platforms, which represented approximately 0.1% of our total revenue during the Track Record Period. As advised by our PRC Legal Advisers, we are not network operators and do not engage in direct data processing activities via the platform; therefore, our business does not involve the provision of personal information to third parties, cross-border data transfers, or cybersecurity reviews. Accordingly, as further advised by our PRC Legal Advisers, the review procedures stipulated by the Cybersecurity Law, Data Security Law, Regulations on the Protection of Critical Information Infrastructure, Regulations on Network Data Security Management, and Cybersecurity Review Measures, as well as the relevant provisions regarding the provision of personal information to third parties are not applicable to our Group.

REGULATIONS ON ANTI-UNFAIR COMPETITION

The Countering Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC on September 2, 1993, and effective from December 1,1993, with its most recent amendment becoming operative on April 23, 2019, delineates essential measures aimed at curbing unfair competition and preserving market order. These measures encompass the prohibition of unjust practices such as misleading prize promotions and dumping, which are designed to eliminate market competitors. According to the aforementioned law, operators are strictly prohibited from offering bribes to employees of counterpart units, units or personnel entrusted by counterparts, or exerting undue influence on counterpart units or personnel to secure commercial opportunities or gain competitive advantages. However, operators are permitted to openly provide discounts to trading counterparts or commissions to intermediaries during their business transactions. It is imperative for operators to maintain accurate records of payments made to trading counterparts and intermediaries.

In the event of violations against the provisions outlined in Article 7 of the Law, wherein operators engage in bribery, regulatory authorities are empowered to confiscate the illicit gains obtained by the operators. Additionally, depending on the severity of the circumstances, fines ranging from RMB100,000 to RMB3,000,000 may be imposed. In cases of egregious violations, the revocation of business licenses is a potential consequence. The Countering Unfair Competition Law of the PRC underscores the commitment of the PRC to fostering a competitive market environment characterized by integrity, fairness, and adherence to ethical business practices.

REGULATIONS ON ANTI-MONOPOLY

On 30 August 2007, the SCNPC adopted the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》), or the Anti-Monopoly Law, which became effective on 1 August 2008 and was latest amended on 24 June 2022 and provides the regulatory framework for the PRC anti-monopoly. Under the Anti-Monopoly Law, the prohibited monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of businesses that may have the effect to eliminate or restrict competition. Pursuant to the Anti-Monopoly Law, a business operator that possesses a dominant market position is prohibited from abusing its dominant market position, including conducting the following acts: (i) selling commodities at unfairly high prices or buying commodities at unfairly low prices; (ii) without justifiable reasons, selling commodities at prices below cost; (iii) without justifiable reasons, refusing to enter into transactions with their trading counterparts; (iv) without justifiable reasons, allowing trading counterparts to make transactions exclusively with itself or with the business operators designated by it; (v) without justifiable reasons, tying commodities or imposing unreasonable trading conditions to transactions; (vi) without justifiable reasons, applying differential prices and other transaction terms among their trading counterparts who are on an equal footing; and (vii) other acts determined as abuse of dominant market position by the relevant governmental authorities. Pursuant to the Anti-Monopoly Law and relevant regulations, when a concentration of undertakings occurs and reaches any of the following thresholds, the undertakings concerned shall file a prior notification with the anti-monopoly agency (i.e., the State Administration for Market Regulation of the PRC), (i) the total global turnover of all operators participating in the transaction exceeded RMB12 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB4 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year) are triggered, and no concentration shall be implemented until the anti-monopoly agency clears the anti-monopoly filing. "Concentration of undertakings" means any of the following: (i) merger of undertakings; (ii) acquisition of control over another undertaking by acquiring equity or assets; or (iii) acquisition of control over, or exercising decisive influence on, another undertaking by contract or by any other means.

REGULATIONS ON ENVIRONMENTAL PROTECTION

1. Environmental Protection

Pursuant to the PRC Environmental Protection Law (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and came into effect on the same day, latest amended on April 24, 2014 and came into effect on January 1, 2015, the waste discharge licensing system has been implemented in the PRC and entities that discharge wastes shall obtain a Waste Discharge License (排污許可證). Furthermore, facilities for the prevention and control of pollution at a construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project. Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within a prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

2. Environmental Impact Assessment

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, came into effect on September 1, 2003 and latest amended on December 29, 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report or an environmental impact form or complete an environmental impact registration form (the "Environmental Impact Assessment Documents") for reporting and filing purposes. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

In accordance with the Administrative Regulations on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, last amended on July 16, 2017, and effective from October 1, 2017, the PRC practices a system that evaluates the environmental impact of a construction project. A construction unit should submit an environmental impact report or environmental impact statement before the commencement of the construction project for approval or submit the environmental impact registration form in accordance with the requirements of the environmental protection administrative department of the State Council for record. Besides, after the completion of the construction project for which the environmental impact report and the environmental impact statement are prepared, the construction unit should inspect and accept the environmental protection facilities for a project and prepare an acceptance report in

compliance with the standards and procedures stipulated by the environmental protection administrative department of the State Council. For construction projects which are built in phases, put into production or use in phases, its corresponding environmental protection facilities shall be inspected and accepted in phases.

Pursuant to the Interim Measures on Administration of Environmental Protection for Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) which was promulgated on November 20, 2017 and came into effect on the same day, the construction unit is the responsible party for the acceptance of the environmental protection facilities for the completion of the construction project, and shall, in accordance with the procedures and standards stipulated in relevant regulations, organize the acceptance of the environmental protection facilities, prepare the acceptance report, disclose the relevant information, accept social supervision, ensure that the environmental protection facilities to be constructed for the construction project are put into operation or used at the same time as the main project, and be responsible for the truthfulness, accuracy and completeness of the acceptance content, conclusions and information disclosed, and shall not falsify the acceptance process. The major construction works of the construction project cannot be put into operation until the supporting facilities for environmental protection pass the inspection.

3. Pollutant Discharge Permit

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

The State Council issued the Regulation on Pollutant Discharge Permit Administration (《排污許可管理條例》) on January 24, 2021 to further enhance the pollutant discharge administration. The administration on pollutant discharge units is divided into key management and simplified management pursuant to the amount of pollutant caused and discharged and the impact on the environment. Their view, decision and information disclosure of pollutant discharge licenses shall be handled through the national pollutant discharge license management information platform. The pollutant discharge license is valid for 5 years and the discharging units should apply for renewal 60 days before the expiry for continues pollutant discharge.

4. Air Pollution

According to the Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》) last amended and implemented on 26 October 2018, construction, renovation and expansion projects which discharge air pollutants shall comply with regulations regarding environmental protection of construction projects. When building projects that have an impact on atmospheric environment, enterprises, public institutions, and other business entities shall conduct environmental impact assessments and publish the environmental impact assessment documents according to the law; when discharging pollutants to the atmosphere, they shall conform to the atmospheric pollutant discharge standards and abide by the total quantity control requirements for the discharge of key atmospheric pollutants.

5. Solid Waste

According to the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) last amended by the SCNPC on 29 April 2020, and implemented on 1 September 2020, construction projects where solid wastes are generated or projects for storage, utilization or disposal of solid wastes shall be subject to environmental impact assessment. Facilities for the prevention and control of solid wastes are required to be designed, constructed and put into use or operation simultaneously with the main part of the construction project. The construction unit shall, in accordance with the provisions of relevant laws and regulations, complete the acceptance inspection of the solid waste pollution prevention and control facilities constructed as supporting installations, prepare an acceptance report, and make it available to the public.

6. Water Pollution

According to the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) last amended by the SCNPC on 27 June 2017, and implemented on 1 January 2018, construction, renovation and expansion projects and other upper-water facilities that directly or indirectly discharge pollutants to water are subject to environmental impact assessment. In addition, water pollution prevention facilities are required to be designed, constructed and put into operation simultaneously with the main part of the project. Water pollution prevention facilities are required to be complied with the requirements in the environmental impact documents approved by or filed with the competent authorities.

7. Noise Pollution

According to the Law of the People's Republic of China on Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》) promulgated by the SCNPC on 24 December 2021 and implemented on 5 June 2022, construction, renovation or expansion of construction projects that may generate noise pollution, shall be subject to environmental impact assessment in accordance with laws. Construction project noise pollution prevention and control facilities shall be designed, constructed and put into use simultaneously with the main part of a construction project. Before a construction project is put into production or use, the construction entity shall, in accordance with the provisions of relevant laws and regulations, conduct acceptance of the supporting noise pollution prevention and control facilities, prepare an acceptance report, and open to the public. Without acceptance or unqualified acceptance, the construction project shall not be put into production or use.

8. Regulations on the Safety Management of Hazardous Chemicals

Pursuant to the provisions of the Regulations on the Safety Management of Hazardous Chemicals《(危險化學品安全管理條例》) promulgated on 26 January 2002 and amended on 2 March 2011 and 7 December 2013, no entity or individual may engage in the production, storage, use, operation, transportation and other business activities of hazardous chemicals without approval. An enterprise that stores hazardous chemicals shall set up prominent signs on its hazardous chemical transportation pipeline, conduct regular inspections and tests on the pipeline, and set up prominent safety warning signs on its workplaces, safety facilities and equipment. In addition, the enterprise shall also establish and regularly repair and maintain its safety facilities and equipment based on the types and hazard characteristics of hazardous chemicals and in accordance with relevant national and industry standards. An entity that stores highly toxic chemicals or hazardous chemicals constituting a serious hazard source in quantity shall report the storage quantity, location and management personnel to the work safety supervision and administration department and the public security agency of the county-level local people's government. Meantime, any enterprise that engages in the production of hazardous chemical falling into the Catalogue of Hazardous Chemicals shall obtain a work safety permit for hazardous chemicals in accordance with the Regulation on Work Safety Permits before starting production.

For any violation of the Regulations on the Safety Management of Hazardous Chemicals, the relevant supervision and administration department may impose a fine, confiscate illegal gains, order to make corrections within a time limit or impose other administrative penalties. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

9. Interim Provisions on the Supervision and Management of Major Hazard Sources of Hazardous Chemicals

Pursuant to the provisions of the Interim Provisions on the Supervision and Management of Major Hazard Sources of Hazardous Chemicals 《(危險化學品重大危險源監督管理暫行規定》) promulgated on 5 August 2011 and amended on 27 May 2015, an entity which engages in the production, storage, use and operation of hazardous chemicals shall conduct the identification, safety assessment, grade evaluation and registration of major hazards to the devices, facilities or places for the production, operation, storage and use of hazardous chemicals in accordance with the "Identification of Major Hazard Sources of Hazardous Chemicals" 《(危險化學品重大危險源辨識》) (GB18218), and submit such registration to the work safety supervision and administration department. Meantime, the entity shall establish and improve the safety management regulations and safe operation rules for major hazard sources, take effective measures to ensure their implementation, establish and improve the safety monitoring and control system, and formulate emergency response plans for the accident from major hazardous sources.

If an entity fails to perform relevant responsibilities and obligations in accordance with the Interim Provisions on the Supervision and Management of Major Hazard Sources of Hazardous Chemicals, the work safety supervision and administration department may order it to make corrections within a specified time limit, impose a fine, order the suspension of production and business operation for rectification, or impose other administrative penalties. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the relevant provisions of the Criminal Law.

REGULATIONS ON WORK SAFETY

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021, entities that engage in production and business operation activities in PRC shall set up and perfect the responsibility system for work safety, improve the conditions for work safety, strengthen the education and training on work safety for employees, provide articles of labor protection that meet the national standards or industrial standards for their employees, and perform the obligations related to work safety as stipulated by the Work Safety Law of the PRC and other laws and regulations.

REGULATIONS RELATING TO FIRE SAFETY INSPECTION AND ACCEPTANCE

Pursuant to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC in April 29, 1998, last amended and effective on April 29, 2021, and the Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, last amended on August 21, 2023 and became effective on October 30, 2023, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for

project construction and construction projects shall undergo the fire protection design review and acceptance system. The production workshops of labor-intensive enterprises with a total construction area of more than 2,500 square meters and the construction units of other special construction projects must apply to the fire control department for fire protection design review, and complete the fire protection acceptance procedures after the completion of the construction project. The construction unit of other construction projects must complete the fire protection filing of the fire protection design and the completion acceptance within five working days after the completion acceptance of the construction project. If a construction project fails to pass the fire safety inspection before it is put into use, or does not meet the fire safety requirements after the inspection, it will be ordered to suspend the construction and use of such project, or suspend production and business, and be imposed a fine.

REGULATIONS RELATING TO LAND AND CONSTRUCTION PROJECTS

1. Land Grants

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) promulgated by the State Council on May 19, 1990, last amended on November 29, 2020, and effective on the same date, China adopts a system of assignment and transfer of the right to use state-owned land. The assignment of land use rights may be carried out by agreement, bidding, or auction. The land user shall pay the premium of the land use right to the State, and the State may assign such right to the user for an agreed term. The land user who has obtained the land use right may, within the term of land use, transfer, lease, or mortgage the land use right or use it for other economic activities.

2. Planning of a Construction Project

Pursuant to the regulations abovementioned and the PRC Urban Real Estate Administration Law (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, last amended on August 26, 2019, and effective on January 1, 2020, an assignment contract shall be signed between the regional land administration authority and land users for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate to acquire the land use rights. The land user shall develop, utilize, and operate the land in accordance with the provisions of the assignment contract and the requirements of urban planning.

Pursuant to the Administrative Measures on Planning of Assignment and Transfer of Urban State-owned Land Use Rights (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction (the predecessor of the Ministry of Housing and Urban-Rural Development) on December 4, 1992, amended on January 26, 2011, and effective on the same date, the land assignee shall apply to the urban planning administrative authority for a construction land planning permit. Pursuant to the Urban and Rural Planning Law (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and last amended on April 23, 2019 and implemented on the same date, a construction work planning permit must be obtained by a construction unit from the relevant competent urban and rural planning authority for the construction of any structure, fixture, road, pipeline, or other construction project within the planning zone of a city or town.

Pursuant to the Administrative Measures on Construction Permit of Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999, last amended on March 30, 2021, and effective on the same date, for the construction, renovation, and decoration of all kinds of buildings within the territory of China and the auxiliary facilities thereof, the installation of supporting lines, pipes, and equipment, and the construction of municipal infrastructure projects in cities and towns, the construction unit shall, before starting construction, apply to the housing and urban-rural development administrative department of the people's government at or above the county level where the project is located for a construction permit in accordance with the Measures. For a construction project with investment less than RMB300,000 or construction area less than 300 square meters, the construction unit is not required to apply for a construction permit.

According to the Provisions on Inspection and Acceptance upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated by the Ministry of Housing and Urban-Rural Development on December 2, 2013, and effective on the same date, construction units of all types of buildings and municipal infrastructure projects that are newly built, expanded, or rebuilt within the territory of China shall file with the competent construction authority of the local people's government at or above the county level where the project is located within 15 days from the date when the project is completed and accepted.

REGULATIONS ON LEASED PROPERTIES

The Civil Code of the PRC (《中華人民共和國民法典》) was promulgated by the NPC on May 28, 2020, and implemented on January 1, 2021. According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

According to the Administrative Measures for Commercial Housing Leases (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) department of the People's Government of the centrally-administered municipality, municipality or county where the leased property is located. Failure to complete the relevant lease registration may subject the parties to the lease agreement a fine between RMB1,000 to RMB10,000.

REGULATIONS ON TAX

Enterprise Income Tax

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

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) (last amended and became effective on November 19, 2017) and the Detailed Rules for the Implementation of the Interim Regulation of the PRC on Value Added Tax (2011 Revision) (《中華人民共和國增值税暫行條例實施細則(2011修訂)》), which was promulgated on December 25, 1993, amended on October 28, 2011 and became effective on November 1, 2011, all entities or individuals in the PRC engaging in the sale of goods, provision of processing services, repairs and replacement services and the importation of goods are required to pay value-added tax (the "**VAT**"). VAT payable is calculated as "output VAT" minus "input VAT". The rate of VAT is usually 17%, and in certain limited circumstances is 11% or 6%, subject to the situation involved.

In accordance with Notice of the Ministry of Finance and the State Taxation Administration of the PRC (the "**STA**") on the Adjustment to VAT Rates (《財政部、税務總局關於調整增值税税率的通知》), which became effective on May 1, 2018, the deduction rates of 17% or 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% or 10%.

According to Announcement on Policies for Deepening the VAT Reform (《財政部、税務總局、海關總署關於深化增值税改革有關政策的公告》) (Announcement No. 39 of 2019 of the Ministry of Finance, the STA and the General Administration of Customs, became effective on April 1, 2019), for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

REGULATIONS ON DIVIDEND DISTRIBUTION

The Company Law and the Foreign Investment Law are the main laws and regulations regulating the dividend distribution of foreign-invested enterprises in the PRC. According to the regulatory mechanism provided by the abovementioned laws, a foreign-invested enterprise in the PRC may only pay dividends out of accumulated profits (if any) determined in accordance with the PRC accounting standards and regulations. The PRC companies (including foreign-invested enterprises) are required to draw at least 10% of their after-tax profits into the statutory reserve fund until the relevant reserve fund reaches 50% of their registered capital, except as otherwise provided by the laws on foreign investment; and no profit shall be distributed before making up any loss in the previous fiscal years. Retained profits for previous fiscal years may be distributed together with distributable profits for the current fiscal year.

REGULATIONS ON PRODUCT QUALITY

In accordance with the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, and most recently amended on December 29, 2018, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller.

REGULATIONS ON IMPORT AND EXPORT OF GOODS

Pursuant to the Regulations of the PRC 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 which came into effect on January 1, 2002 and last amended on March 10, 2024, and came into effect on May 1, 2024, the import and export of goods are generally allowed by the mainland China government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC, on May 12, 1994, which came into effect on July 1, 1994 and lately amended with immediate effect on

December 30, 2022, unless otherwise provided by laws and regulations, the mainland China government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Labor Law and Labor Contracts

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

Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (last amended and became effective on December 29, 2018), the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) (last amended and became effective on March 24, 2019), the Unemployment Insurance Regulations (《失業保險條例》) effective in 1999 and the Regulations on Work-related Injury Insurance (《工傷保險條例》) (last amended on December 20, 2010 and became effective on January 1, 2011), the state shall establish social security systems such as basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, family planning insurance, and more, to protect the rights of citizens for obtaining material assistance from the state and the society pursuant to the law in the circumstances of old age, illness, work injury, unemployment, family planning, and more. Employers must pay a number of social security funds for their employees, including basic endowment insurance, medical insurance, work injury insurance, unemployment insurance, family planning insurance. Employers which failed to complete social security registration shall be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000.

Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38(3) of the Labor Contract Law of the PRC, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated on July 20, 2018, commencing from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance shall be collected by the tax authorities. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated by the General Office of the State Administration of Taxation on September 13, 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated by the General Office of the Ministry of Human Resources and Social Security on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), promulgated by the State Taxation Administration on November 16, 2018, repeated that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice of General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》), promulgated on April 1, 2019, requires steady advancement of the reform of the system of social security collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

Housing Provident Fund

Pursuant to Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) (last amended and became effective on March 24, 2019), an employer shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and, upon verification by the housing provident fund management center, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its employees. Employers and employees are also required to pay and deposit housing provident funds, in case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing provident fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

Where, in violation of the provisions of the Regulations, an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON STOCK INCENTIVE PLANS

In February 2012, the SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Stock Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing the previous rules issued by the SAFE in March 2007. Under this notice and other relevant rules, PRC residents who participate in a stock incentive plan in an overseas listed company are required to register with the SAFE or its local branches and complete certain other procedures, subject to certain exceptions.

Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas listed company or another qualified entity selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests, and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent, or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to the SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agent before distribution to such PRC residents.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated on September 7, 1990, last amended on November 11, 2020 and became effective on June 1, 2021, works of PRC citizens, legal persons or other organizations shall, regardless of whether they have been published be entitled to the copyright pursuant to this law. The rights a copyright owner has included but not limited to the following rights of the person and property rights: the right of publication, right of authorship, right of modification, right of integrity, right of reproduction, distribution right, rental right, right of information network dissemination, translation right and right of compilation. Under the Copyright Law, the term of protection for copyrighted software is 50 years.

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), promulgated on August 23, 1982, last amended on April 23, 2019 and became effective on November 1, 2019, and the Regulation on Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》), promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and became effective on May 1, 2014, any trademark which is registered with the approval of the Trademark Office is a registered trademark, including commodity trademark, service trademark, collective trademark, certification trademark, and the trademark registrant has the exclusive right to use a registered trademark and such right is protected by law. A registered trademark is valid for a period of ten years commencing from the date on which the registration is approved, and may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record. Use of a trademark that is identical with or similar to a registered trademark, for the same kind of or similar commodities, without authorization of the trademark registrant, constitutes infringement of the exclusive right to use a registered trademark.

Patents

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**"), promulgated on March 12, 1984, last amended on October 17, 2020 and became effective on June 1, 2021, and the Rules for the Implementation of Patent Law of the PRC (《中華人民共和國專利法實施細則》), last amended on December 11, 2023 and became effective on January 20, 2024, after the grant of the patent right for inventions and utility models, except otherwise regulated under the Patent Law, no entity or individual may, without the authorization of the patent owner, exploit such patent, that is no manufacture, use, offer to sell, sell or import the patented product, or use the patented process and use, offer to sell, sell or import products directly obtained from such patented process, for production or business purpose. After the patent right is granted for a design, no unit or individual shall, without the authorization of the patent owner, exploit such patent, that is to manufacture, offer to sell, sell, or import any product containing such patented design for production or business purposes. Where infringement has been established, the infringer shall, in accordance with the relevant regulations, be ordered to cease the infringement activities, take corrective actions, and compensate for losses.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, domain name registrations are handled through domain name service agencies established under relevant regulations, and the applicant becomes a domain name holder upon successful registration.

Pursuant to the Notice from the MIIT on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), promulgated on November 27, 2017 and became effective on January 1, 2018, Internet access service providers shall verify the identity of each Internet information service provider, and shall not provide services to any Internet information service provider who fails to provide real identity information.

REGULATIONS ON OVERSEAS LISTING

On July 6, 2021, the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》) was promulgated, among which, it emphasizes the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

China Securities Regulatory Commission (the "**CSRC**") promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system.

According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be listed or offer securities in overseas markets, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery,

embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days thereafter. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Subsequent securities offering and listing of an issuer in other overseas markets shall be filed as initial public offering. Moreover, upon the occurrence of any of the material events specified below after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within three working days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; (iv) voluntary or mandatory delisting. Where an issuer's main business undergoes material changes after overseas offering and listing, and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within 3 working days after occurrence of the changes.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the state. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS OPERATIONS IN HONG KONG

We set out below a summary of the major Hong Kong laws and regulations which are relevant to our business operations in Hong Kong.

A. Laws and Regulations Relating to Chemical Substance

Radiation Ordinance (Chapter 303 of the Laws of Hong Kong) ("RO")

The RO controls, inter alia, the import, export, possession and use of radioactive substances and irradiating apparatus. As Hong Kong Petrochemical possessed and used certain radioactive substances in the course of its business operations, it is subject to the regulation of the RO.

According to the RO, no person shall, except under and in accordance with a license issued, deal with or have in his possession or use, any radioactive substance or irradiating apparatus. Any person who contravenes the above shall be guilty of an offence under the RO and shall be liable to a fine at level 5 and to imprisonment for 2 years, and in the case of continuing offence, be liable to an additional fine of HK$2,500 for every day during the whole or any part of which such offence is knowingly and willfully continued under the RO.

Pursuant to the Radiation (Control of Radioactive Substances) Regulations (Chapter 303A of the Laws of Hong Kong), every licensee shall cause the licence to be exhibited in a conspicuous place in the premises where the radioactive substance concerned is stored or otherwise dealt with. Any person who fails to comply with the said provision shall be guilty of an offence and be liable on conviction to a fine at level 3. The licensee shall also comply with the requirements in relation to labeling, storage, disposal of radioactive waste, control of exposure, workplace and equipment, precautions for workers, and supervision under the RO.

Dangerous Goods Ordinance (Chapter 295 of the Laws of Hong Kong) ("DGO")

The DGO sets forth the regulation relating to "dangerous goods" and shall apply to, inter alia, all explosives, compressed gasses, petroleum and other substances giving off inflammable vapors, substances giving off poisonous gas or vapor, corrosive substances, substances which become dangerous by interaction with water or air, substances liable to spontaneous combustion or of a readily combustible nature and radioactive material.

The DGO prescribes that no person shall manufacture, store, convey or use any dangerous goods except under and in accordance with the license granted by the Hong Kong Fire Services Department. Any person who fails to comply with the above shall be guilty of an offence and is liable for a first offence, to a fine at level 6 and to imprisonment for 6 months, and for a subsequent offence, to a fine of HK$200,000 and to imprisonment for 12 months. Notwithstanding any other liability which may arise under the provisions of such ordinance or otherwise, the breach of any term or condition endorsed upon any license issued shall

constitute an offence which shall be punishable on summary conviction, for a first offence, by a fine at level 5 and imprisonment not exceeding 1 month, and for a subsequent offence, by a fine at level 6 and imprisonment not exceeding 3 months. If a company is found guilty of an offence under the said ordinance, every director and every officer concerned in the management of the company shall be guilty of the like offence unless he proves that the act constituting the offence took place without his knowledge or consent.

Dangerous Goods (Application and Exemption) Regulation (Chapter 295E of the Laws of Hong Kong) ("**Dangerous Goods (Application and Exemption) Regulation**") sets forth the classification of dangerous goods to which the DGO applies. In particular, (i) "Styrene Monomer, Stablized" was classified as Class 3 dangerous goods belong to the packing group PG III; (ii) "Diesel" was classified as Class 3A dangerous goods belong to the packing group PG III; (iii) "Ethylbenzene" was classified as Class 3 dangerous goods belong to the packing group PG II under the Dangerous Goods (Application and Exemption) Regulation. Since our operations in Hong Kong involved the storage and use of the said dangerous goods, our business in Hong Kong is regulated by the DGO and Hong Kong Petrochemical had obtained the relevant licences under the DGO.

B. Laws and Regulation Relating to Safety, Health and Labour

Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) ("BO")

The BO regulates the planning, design and construction of buildings and associated works. Certain aspects concerning the administration of the BO or various types of works are further governed and regulated by the subsidiary regulations under the BO and/or practice notes issued by the Buildings Authority from time to time. Among others, Building (Oil Storage Installations) Regulations (Chapter 123K of the Laws of Hong Kong) ("**Building (Oil Storage Installations) Regulations**") regulates the design, construction, licensing, inspection, testing and maintenance of oil storage installations and matters connected therewith.

Under the Building (Oil Storage Installations) Regulations, no person shall store or cause or permit to be stored any petroleum products in any oil storage installation without a licence in respect thereof or otherwise than in accordance with the terms or conditions of such licence. Any person who fails to comply with the above shall be guilty of an offence and liable on conviction to a fine at level 6 and to imprisonment for 2 years. The licensee shall also comply with the requirements in relation to the operation of installations, inspection and use of tanks, repairs, alterations or additions to an oil storage installation and leaking tanks under the said regulations.

As at the Latest Practicable Date, Hong Kong Petrochemical obtained licences for its oil storage installations situated at 17.5 MS Castle Peak Road, Lok On Pai, Tuen Mun, New Territories, Hong Kong ("**TM Premises**") and 12 Wang Lok Street, Yuen Long Industrial Estate, New Territories, Hong Kong ("**YL Premises**"), respectively.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) ("ECO")

The ECO prohibits an employer from employing any employee in any employment unless there is a policy of insurance in force to cover the employer's liabilities under the ECO and at common law for injuries at work. The minimum insurance cover for not more than 200 employees should not be less than HK$100 million per event whereas the minimum cover for more than 200 employees should not be less than HK$200 million per event. Any employer who fails to comply commits an offence and is liable on conviction to a maximum fine of HK$100,000 and imprisonment for 2 years.

An employer to whom a policy of insurance for the purpose thereof is required to display in a conspicuous place on each of his premises (where any employee is employed by him) a notice in a form specified by the Commissioner, which shows in both English and Chinese languages of (a) the name of the employer, (b) the name of the insurer, (c) the policy number, (d) the date of issue of the policy, (e) the dates of commencement and expiry of the period of insurance, (f) the number of employees insured under the policy at the time of issue thereof and (g) the amount of liability insured under the policy.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) ("MPFSO")

The MPFSO requires an employer to enroll his employees in a Mandatory Provident Fund Scheme and make contributions if the duration of employment is for 60 days or more. Employees whose contracts for employment were for less than 60 days, but also repeatedly renewed, are protected by the MPFSO and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) as they deem such contracts as "continuous contracts".

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) ("OSHO")

The OSHO requires every employer to, so far as reasonably practicable, ensure the safety and health at work of all the employer's employees.

The employer may be considered to have failed to comply with the requirement if he (a) failed to provide or maintain plant and systems of work that are, so far as reasonably practicable, safe and without risks to health; (b) failed to make arrangements for ensuring, so far as reasonably practicable, safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances; (c) failed to provide such information, instruction, training and supervision as may be necessary to ensure, so far as reasonably practicable, the safety and health at work of the employer's employees; (d) as regards any workplace under the employer's control (i) failed to maintain the workplace in a condition that is, so far as reasonably practicable, safe and without risks to health; or (ii) failed to provide or

maintain means of access to and egress from the workplace that are, so far as reasonably practicable, safe and without any such risks; (e) failed to provide or maintain a working environment for the employer's employees that is, so far as reasonably practicable, safe and without risks to health.

An employer who fails to comply with the above provisions commits an offence and is liable (a) on summary conviction to a fine of HK$3,000,000; or (b) on conviction on indictment to a fine of HK$10,000,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable (a) on summary conviction to a fine of HK$3,000,000 and to imprisonment for six months; or (b) on conviction on indictment to a fine of HK$10,000,000 and to imprisonment for two years.

In terms of enforcement, the Commission for Labour may serve improvement notice and suspension notice on the employer. Failure to comply with a requirement of an improvement notice without reasonable excuse constitutes an offence punishable by a fine of HK$400,000 and imprisonment for 12 months. An employer who, without reasonable excuse, contravenes a suspension notice constitutes an offence and is liable on conviction (a) to a fine of HK$1,000,000 and imprisonment for twelve months; and (b) to a further fine of HK$100,000 for each day or part of a day during which the employer knowingly and intentionally continues the contravention.

The employer or the occupier of a workplace is required to notify any accident to an occupational safety officer within seven days, or within 24 hours if the accident causes the death of, or serious bodily injury to, an employee. The occupier of a workplace is also required to notify any dangerous occurrence to an occupational safety officer within 24 hours. Failure to notify the occupational safety officer is a criminal offence and attracts a fine at HK$100,000.

Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) ("FIUO")

Under the FIUO, it is the duty of a proprietor of an industrial undertaking to take care of, so far as is reasonably practicable, the health and safety at work of all persons employed by him at the industrial undertaking. The duties of a proprietor extend to include (1) providing and maintaining plant and work systems that do not endanger safety or health; (2) making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances; (3) providing all necessary information, instructions, training and supervision for ensuring safety and health; (4) providing and maintaining safe access to and egress from the workplaces; and (5) providing and maintaining a safe and healthy working environment.

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) ("OLO")

The OLO imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

C. Laws and Regulations Relating to Environmental Protection

Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) ("WDO")

The WDO regulates the production, storage, collection, treatment, reprocessing, recycling and disposal of wastes. At present, livestock waste and chemical waste are subject to specific controls whilst unlawful deposition of waste is prohibited. Import and export of waste into and from Hong Kong is generally controlled through a permit system.

Under the WDO, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Environmental Protection Department. A person who except under and in accordance with a permit or authorisation, does, causes or allows another person to do anything for which such a permit or authorisation is required commits an offence and is liable to a fine of HK$200,000 and to imprisonment for 6 months for the first offence, and to a fine of HK$500,000 and to imprisonment for 6 months for a second or subsequent offence, and in addition, if the offence is a continuing offence, to a fine of HK$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Under the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong) ("**Waste Disposal (Chemical Waste) (General) Regulation**"), a person shall not produce or cause to be produced chemical waste unless he is registered as a chemical waste producer. Any person who contravenes this requirement commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 6 months. A chemical waste producer shall ensure that chemical waste is properly packed and stored before disposal as required under the Waste Disposal (Chemical Waste) (General) Regulation. Any waste producer who fails to comply with any of these packing and storing requirements commits an offence and is liable to a fine at level 6 and to imprisonment for 6 months. Furthermore, a waste producer shall also ensure that chemical waste is properly labelled as required by the regulation, failing which will constitute an offence and is liable to a fine at level 5 and to imprisonment for 6 months. A chemical waste producer shall engage a licensed waste collector to remove or transport chemical waste. Any person who arranges or causes chemical waste to be removed or transported otherwise than by engaging the services of a licensed waste collector commits an offence and is liable to a fine of HK$200,000 and to imprisonment for 6 months.

As at the Latest Practicable Date, Hong Kong Petrochemical was registered as a waste producer under the Waste Disposal (Chemical Waste) (General) Regulation and obtained a licence to dispose of chemical waste under the WDO.

Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) ("APCO")

The APCO regulates the emission of air pollutants and noxious odour from construction, industrial and commercial activities and other sources of pollution. Its subsidiary regulations impose control on air pollutant emissions from certain operations through the issue of licences and permits.

Under the APCO, the owner of any premises shall not use those premises, or permit those premises to be used, for the conduct of a specified process unless he is the holder of a licence to use the premises for the conduct of that specified process. A specified process under the APCO means a process specified in Schedule 1 thereto. Any owner who fails to comply with the above commits an offence and is liable to a fine of HK$200,000 and to imprisonment for 6 months, and, in addition, if the offence is a continuing offence, to a fine of HK$20,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

As at the Latest Practicable Date, Hong Kong Petrochemical obtained licences for the conduct of a specified process for each of its premises situated at the TM Premises and the YL Premises for our business operations in Hong Kong involving petrochemical works and organic chemical works which are specified processes under Schedule 1.

Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) ("WPCO")

The WPCO controls the effluent discharged from all types of industrial, manufacturing, commercial, institutional and construction activities into public sewers, rainwater drains, river courses or water bodies. For any industry/trade generating wastewater discharge (except domestic sewage that is discharged into communal foul sewers or unpolluted water to storm drains), they are subject to licensing control by the Director of Environmental Protection.

According to the WPCO, unless being licensed under the WPCO, a person who discharges any waste or polluting matter into the waters of Hong Kong in a water control zone, any matter into any inland waters in a water control zone which tends (either directly or in combination with other matter which has entered those waters) to impede the proper flow of the water in a manner leading or likely to lead to a substantial aggravation of pollution, or discharges any matter, other than domestic sewage and unpolluted water, into a communal sewer or communal drain in a water control zone commits an offence and is liable to imprisonment for 6 months and (a) for a first offence, a fine of HK$200,000; and (b) for a second or subsequent offence, a fine of HK$400,000, and in addition, if the offence is a continuing offence, to a fine of HK$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

As at the Latest Practicable Date, Hong Kong Petrochemical was a holder of licence pursuant to section 20 of the WPCO.

Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong) ("DSO")

Under the DSO, any waste producer involves in marine dumping and related loading operations is required to obtain permits from the director of Environmental Protection Department.

Under the DSO, a person who except under and in accordance with a permit, does anything or causes or allows another person to do anything for which a permit is needed commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 6 months on a first conviction; and to a fine of HK$500,000 and to imprisonment for 2 years on a second or subsequent conviction; and in addition, to a further fine of HK$10,000 for each day if the court is satisfied that the operation has continued.

As at the Latest Practicable Date, our operations in Hong Kong involved dumping at sea, and Hong Kong Petrochemical obtained the approvals for use of oil dispersants and similar substances under the DSO.

OVERVIEW

We are a PRC-based supplier of new chemical materials and upstream and downstream products derived from gelatin and collagen. Serving the chemical industry and the health and wellness industry, we primarily engage in the R&D, production, and sales of our products for industrial and commercial use. After more than 20 years of endeavor, we have established a vertically integrated layout in both the chemicals and health and wellness industries that spanning the value chain in these sectors from which we benefit from long-term economies of scale.

Our Company was founded by Mr. Wang in 2000. In the early stage of our establishment, our Company was mainly engaged in the research and development, production and sales of organic polymer modified materials. After more than 20 years of development, we have gradually constructed and implemented the "One Core, Two Wings" (一體兩翼) development strategy centred around our vertically integrated business model, with scientific and technological innovation as the core, long-term economies of scale as the goal, and the chemical industry and the health and wellness industry as our wings. Our Company has gradually achieved independent innovation (自主創新) and original innovation (原始創新), and has become the leader of the organic polymer modified materials industry through quality improvement and upgrading of new materials, new technologies and new processes.

We completed our restructuring in 2011, and changed our name from Qingdao Gon Technology Development Co., Ltd.* (青島國恩科技發展有限公司) to Qingdao Gon Technology Co., Ltd. (青島國恩科技股份有限公司). Our A Shares were successfully listed on the Shenzhen Stock Exchange on 30 June 2015 (stock code: 002768.SZ). As at the Latest Practicable Date, the total issued share capital of the Company was RMB271,250,000, comprising 271,250,000 A Shares, and our Controlling Shareholders controlled approximately 56.41% of the A Shares of the Company.

Currently, the Company has developed into a vertically integrated industrial cluster of new chemical materials such as green petrochemicals, organic polymer modified materials, organic polymer composite materials, biodegradable materials, optical display, sports and health materials, and lightweight structural parts for new energy vehicles, etc. The Group also owns two A-share listed companies, namely, our Company and Dongbao Bio-tech, which has formed a dual-track model centred on the chemicals and the health and wellness industry. During the Track Record Period, we experienced strong growth in revenue. For FY2022, FY2023 and FY2024, our revenue was RMB13,406.4 million, RMB17,438.8 million and RMB19,187.5 million, respectively. For 10MFY2025, we recorded revenue of RMB17,443.9 million.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

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

Year	Event
2000	Our Company was established on 22 December 2000
2006	Our Qingda Industrial Park Headquarters Base has been completed and put into operation (青島市城陽區青大工業園)
2008	We were recognized as one of the first batch of "National High-tech Enterprises" (國家高新技術企業) in Qingdao for the year of 2008
	Our ERP system was launched, effectively realising information management
2011	Our Company is converted into a joint stock company with limited liability and changed its name to Qingdao Gon Technology Co., Ltd. (青島國恩科技股份有限公司)
2015	Our Company successfully listed on the Shenzhen Stock Exchange (stock code: 002768.SZ)
2016	We acquired Yiqing Bio-Tech, which focuses on production of empty capsules, marking our entry into the health and wellness industry
2018	We established Gocci Opto-electronics and Guangdong Gon Plastics
2021	We acquired Dongbao Bio-tech, a company listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300239.SZ) Dongbao Bio-tech is an upstream enterprise of Yiqing Bio-Tech which focuses on production of gelatin and collagen raw materials (a key ingredient of empty capsules), deepening our vertical integration and presence in the health and wellness industry sector
	We completed our strategic investment in Gon Polymer.1 and Jiangsu Guoheng New Material Technology Co., Ltd.* (江蘇國恆新材料科技有限公司)
	We are certified as a National Enterprise Technology Center (國家企業技術中心)

Year	Event
2022	We completed our strategic investment in Rizhao Gon Chemical Co., Ltd.* (日照國恩化學有限公司)
2024	We acquired Hong Kong Petrochemical and Gon Chemical (Dongming), completing the vertical integration of our chemicals industry business

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of our Company

Our Company was established in the PRC on 22 December 2000. Between December 2003 and March 2011, our Company went through several rounds of increases in registered capital and equity transfers. As at 2 March 2011, our Company's registered share capital was RMB20.0 million, which was owned as to approximately 70%, 10%, 5% by Mr. Wang, Xinghao Investment and Ms. Xu, respectively. The remaining 15% was held by four other Independent Third Parties.

Conversion into Joint Stock Limited Company in August 2011

On 3 August 2011, our Company was converted into a joint stock company with a registered capital of RMB60 million. The net asset value of our Company as of 31 May 2011 amounted to RMB138,505,501.10, of which (i) RMB60,000,000 was converted into 60,000,000 Shares of RMB1.0 each, which were subscribed by and issued to the then Shareholders of our Company in proportion to their respective equity interest in our Company; and (ii) the remaining amount of RMB78,505,501.10 was converted to capital reserve of our Company.

Listing on the Shenzhen Stock Exchange in June 2015

With the approval of the CSRC, we completed our initial public offering of 20,000,000 A Shares and became listed on the Shenzhen Stock Exchange (stock code: 002768.SZ) on 30 June 2015 and raised approximately RMB321.41 million from the A Share Offering after deducting the underwriting commissions and offering-related expenses.

Immediately following this offering, our share capital was increased to 80,000,000 A Shares with a nominal value of RMB1.00 each, among which 75% A Shares and 25% A Shares were held by the then existing Shareholders immediately prior to such initial public offering and new public A Shareholders, respectively.

Share capital change in March 2016

In March 2016, we resolved to implement a capital reserve capitalization based on the total share capital of 80 million A Shares, issuing 20 additional A Shares for every 10 A Shares held by all A Shares shareholders, resulting in a total of 160 million new A Shares. This capital reserve capitalization was completed in May 2016. Upon implementation, our total share capital increased to 240 million A Shares.

Share capital change in February 2018

Upon obtaining the approval of the CSRC in October 2017, we conducted a placing exercise in February 2018 (the "**2018 Placing**"), under which 31,250,000 A Shares were issued and allotted to five placees, which were institutional investors and Independent Third Parties, at a price of RMB24 per A Share which was determined after arm's length negotiation. The new A Shares issued under the 2018 Placing were listed on the Shenzhen Stock Exchange on 15 March 2018.

We raised RMB750,000,000.00 in gross proceeds from the 2018 Placing, and the net proceeds (after deduction of the underwriting commissions and other offering related expenses) was RMB731,491,382.71. According to a capital verification report issued by an independent auditor dated 27 February 2018, the consideration of the 2018 Placing had been fully settled by the relevant placees on 27 February 2018. The proceeds from the 2018 Placing were used for organic polymer composite project (先進高分子複合材料項目).

Implementation of Share Repurchase Plan

In March 2024, we resolved to repurchase a portion of the issued A Shares using self-owned funds through centralized bidding or other methods permitted by laws and regulations. The repurchased A Shares are intended to be used for ESOP or equity incentive schemes at an appropriate time in the future. If we fail to utilize all the repurchased A Shares within three years after the disclosure of the share repurchase implementation results and shareholding changes announcement, any unused repurchased A Shares shall be cancelled in accordance with the relevant procedures.

As of 28 February 2025, the share repurchase plan was fully implemented. We repurchased a total of 6.25 million shares through the repurchase dedicated account via centralized bidding, representing 2.30% of our Company's total share capital.

As of the Latest Practicable Date, all the repurchased shares had been held in the repurchase dedicated securities account. During the holding period, these shares do not carry voting rights at general meetings, rights to profit distribution, capitalization of capital reserves, subscription to new shares or convertible bonds, pledge, lending, or other related rights.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisition of Dongbao Bio-tech

We acquired Dongbao Bio-tech, a company listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300239.SZ) in 2021, in order to expand our health and wellness offerings as part of our development strategy.

In June 2021, our Group subscribed for 11.05% equity interest in Dongbao Bio-tech at a consideration of RMB368 million. Such consideration was based on the subscription price of RMB5.60 per share, with the pricing benchmark date being 17 May 2021.

In August 2021, our Group acquired an additional 10.09% equity interest in Dongbao Bio-tech from Hainan Baina Shengyuan Technology Co., Ltd. (海南百納盛遠科技有限公司) (formerly known as Hainan Dongbao Industrial Co., Ltd. (海南東寶實業有限公司), the second largest shareholder of Dongbao Bio-tech holding 5.62% equity interest as at 31 October 2025) ("**Hainan Baina**"), at a consideration of RMB360 million. Such consideration was determined based on the closing price of Dongbao Bio-tech's shares on the trading day prior to the signing of the share transfer agreement. To the best of our Directors' knowledge, information and belief, save for Hainan Baina's shareholding in Dongbao Bio-tech, Hainan Baina is an Independent Third Party.

In August 2021, Dongbao Bio-tech completed a repurchase and cancellation of shares, upon which the total number of Dongbao Biotech's issued shares was reduced from 594,538,983 shares to 593,602,983 shares. Accordingly, our Group's equity interest in Dongbao Bio-tech increased from 21.14% to 21.18%. As of the Latest Practicable Date, our Group holds 21.18% equity interest in Dongbao Bio-tech as its single largest shareholder. The remaining equity interest is widely dispersed among other A-share shareholders.

Dongbao Bio-tech is a publicly listed company and its shareholdings are widely dispersed. Although our Company holds only 21.18% equity interest in Dongbao Bio-tech, our Company holds significantly more voting rights than any other shareholder or organised group of shareholders. Due to Dongbao Bio-tech's dispersed shareholding structure, as at 31 October 2025, our Company holds more than half of the voting rights among Dongbao Bio-tech's top ten shareholders. Under the cumulative voting system set out under Dongbao Bio-tech's articles of association, our Company can elect at least 4 to 5 seats on the seven-member board of directors of Dongbao Bio-tech. Considering the cumulative voting system and factual circumstances, our Company holds voting rights substantially exceeding those of other shareholders and have secured sufficient control over Dongbao Bio-tech's board of directors. Taking into account (i) our Company's shareholding interest in comparison to other A-share shareholders of Dongbao Bio-tech; and (ii) our ability to control and influence Dongbao Bio-Tech's board of directors, Dongbao Bio-Tech and its subsidiary Qingdao Yiqing are thus accounted for as subsidiaries of the Company.

In February 2025, the Inner Mongolia Regulatory Office of the CSRC issued a decision letter to Dongbao Bio-tech for breach of information disclosure requirements under applicable PRC rules and regulations, citing three instances: (i) finance staff wrongly treated separately authorized cash management limits for a private placement and a convertible bond issue as a

single combined cap, leading to excess use of convertible bond proceeds for cash management; (ii) cash management products were bought within a valid authorization window but set to mature after the authorization expired and before it was renewed, resulting in maturity dates falling outside the approved period; and (iii) Dongbao Bio-tech continued to invest in a project beyond the planned cutoff date, without issuing a separate announcement. To prevent future incidents, Dongbao Bio-tech implemented rectification procedures to strengthen its corporate governance, and submitted the rectification report to the CSRC. The incidents in question did not affect our Group's production or operations and did not have a significant impact on our Group.

Such non-compliance incidents were due to staff misunderstanding of: (i) separate cash management limits for separate fund-raising activities; (ii) the authorized time period for purchasing cash management products; and (iii) information disclosure requirements for use of proceeds. None of our Directors had any involvement with the non-compliance incident or the regulatory actions against Dongbao Bio-tech. Our Directors are of the view that Dongbao Biotech's non-compliance incident did not cause any material adverse effect on the business and financial performance of the Group.

To prevent similar incidents from occurring, we have implemented the following measures:

(i) regarding the management and use of proceeds:

- Finance personnel are required to study relevant rules and regulations. Regular training sessions are organized to enhance understanding of the management staff regarding the use of raised funds and to keep staff updated on regulatory developments and penalties;

- The Group has made further improvements to its internal control arrangements for the cash management of raised funds, such as adding a review process within the finance department. At the same time, the Group's audit department has also strengthened its verification for the cash management of raised funds. Through double verification of whether the cash management products for raised funds comply with the applicable laws and regulations and whether they exceed the authorized amount, as well as through timely tracking of the investment and redemption of cash management products, the Group ensures that the cash management of raised funds does not exceed the authorised time period and authorised amount limit; and

- The Group will continue to strengthen internal controls over idle fundraising funds, ensuring adherence to regulations and enhancing staff training to prevent similar issues from occurring in the future.

(ii) regarding the disclosure of information regarding the investment plan:

- Dongbao Bio-tech has disclosed the latest status of the wastewater resource utilisation project in its 2024 Third Quarter Report;

- Dongbao Bio-tech held a board meeting, supervisory board meeting, shareholders' meeting, approving a proposal to permanently supplement the company's working capital with surplus funds from the project. An independent review confirmed this decision, and the relevant specific account for the raised funds has been closed;

- The Group organized training for departments involved, including finance, securities, and project implementation, to enhance compliance awareness. Responsibilities and obligations of each department and personnel were clarified. Dongbao Bio-tech also provided specialized training on the supervision of raised funds for key personnel, including executives and board members. Internal communication will be strengthened to ensure strict adherence to the regulations regarding the use of raised funds, and ongoing professional training for staff.

Based on: (i) the independent due diligence work being conducted by the Sole Sponsor; (ii) the fact that no similar incidents have occurred since the said regulatory action; and (iii) the views and basis of the Directors and the internal control consultant of the Group, nothing has come to the attention of the Sole Sponsor that would reasonably cause them to cast doubt on (i) the sufficiency and effectiveness of the enhanced internal control measures; (ii) the non-compliance incident of Dongbao Bio-tech caused any material adverse impact on the business and financial performance of the Group; and (iii) any of the Directors had any involvement with the regulatory actions against Dongbao Bio-tech.

Acquisitions during the Track Record Period

Save the acquisitions as disclosed below which have strategic importance to our development, we had not conducted any acquisitions, disposals or mergers that we considered to be material to us during the Track Record Period and up to the Latest Practicable Date.

Acquisition of Gon Chemical (Dongming) and Gon Ruihua

In order to implement our vertical integration development strategy in the new chemical materials industry, we acquired one of our major subsidiaries, Gon Chemical (Dongming) (formerly known as CITIC Guoan Chemical Co., Ltd. (中信國安化工有限公司) ("**Guoan Chemical**")) in December 2024, due to their modernized production lines for basic organic chemical raw materials.

In November 2022, our Group resolved to participate in the public solicitation of investors for the merger and reorganisation of eleven companies, including Guoan Chemical. In December 2024, pursuant to the civil ruling and the court approved restructuring plan of Guoan Chemical, our Group acquired 67% equity interest in Guoan Chemical at a consideration of RMB240 million. Such consideration was determined with reference to a valuation report issued by an Independent Third Party valuer. The consideration was fully settled in November 2024.

As at the Latest Practicable Date, the remaining equity interest of Gon Chemical (Dongming) is held by Dongming Min'an Investment Consulting Management Co., Ltd.* (東明民安投資諮詢管理有限公司) ("**Dongming Min'an**") and Dongming Fangya Engineering Technology Service Partnership (Limited Partnership)* (東明方亞工程技術服務合夥企業(有限合夥)) ("**Dongming Fangya**") as to 25% and 8%, respectively. To the best of our Directors' knowledge, information and belief, save for their investment in Gon Chemical (Dongming), each of Dongming Min'an and Dongming Fangya is an Independent Third Party.

Gon Ruihua is a wholly-owned subsidiary of Gon Chemical (Dongming). Gon Ruihua became a subsidiary of our Group after we acquired 67% equity interest in Gon Chemical (Dongming) in December 2024.

Acquisition of Hong Kong Petrochemical

In order to develop our green petrochemical materials business, we acquired one of our major subsidiaries, Hong Kong Petrochemical in July 2024. The acquisition of Hong Kong Petrochemical further expands our green petrochemical materials portfolio by increasing our production capacity for high-performance polystyrene, creating synergies with our domestic operations and effectively expanding our international presence. Furthermore, Hong Kong Petrochemical owns a 6,000-tonne deep-water berth which shall be utilised as a shipping base for our Group's green petrochemical materials. For further details, please refer to "Business — Our Strategies — Investing in Hong Kong to radiate the global market" in this document.

In December 2023, Hong Kong Petrochemical was in liquidation with joint liquidators appointed by the Hong Kong court. In April 2024, our Group entered into an agreement with Hong Kong Petrochemical, Mr. Fok Hei Yu (霍羲禹) ("**Mr. Fok**") and Mr. Chow Wai Shing Daniel (周偉成) ("**Mr. Chow**", together with Mr. Fok, the "**Joint Liquidators**") regarding the restructuring of Hong Kong Petrochemical (the "**Restructuring Agreement**"). To the best of our Directors' knowledge, information and belief, each of the Joint Liquidators is an Independent Third Party. In July 2024, pursuant to the Restructuring Agreement, our Group subscribed for approximately 99.998% shareholding interest in Hong Kong Petrochemical, at total consideration of US$15.6 million. Such consideration was determined with reference to a valuation report issued by an Independent Third Party valuer. The consideration was fully settled in July 2024.

Subsequent to the above subscription and a transfer in October 2025, as at the Latest Practicable Date, other than our Group, the remaining shareholder of Hong Kong Petrochemical is Westgreen Corporation, who is an Independent Third Party. The number of shares held by Westgreen Corporation is negligible, as its shareholding percentage after rounding was nil.

As of the Latest Practicable Date, the above acquisitions have been properly and legally completed, and all necessary regulatory approvals have been obtained. None of the acquisitions fall within the scope of Rule 4.05A of the Listing Rules.

MAJOR SUBSIDIARIES

The principal business activities and date of establishment of each of our Major Subsidiaries, which had made a material contribution to our results of operation and/or have strategic importance to our development, are shown below:

Name of company	Equity interest attributable to our Group as at the Latest Practicable Date	Principal business activities	Date and jurisdiction of establishment
Gon Composites	100%	R&D, production, and sales of advanced polymer, raw materials and products	20 January 2017, PRC
Gon Plastics (Qingdao)	100%	R&D, production, and sales of new materials, plastic raw materials and products	30 September 2021, PRC
Gon Plastics (Zhejiang)	100%	R&D, production, and sales of plastic raw materials and products, auto parts and molds	25 May 2021, PRC
Gocci Opto-electronics	100%	R&D, production, and wholesale of optoelectronic materials	25 April 2018, PRC
Guangdong Gon Plastics[(1)]	100%	R&D, production, and sales of plastic raw materials and products	16 January 2018, PRC
Gon Polymer.1[(2)]	70%	R&D, production and sales of polystyrene products	10 July 2020, PRC
Gon Chemical (Dongming)[(3)]	67%	Production of new materials and products	15 September 2010, PRC
Gon Ruihua[(4)]	67%	R&D, production, and sales of new chemical materials	15 November 2016, PRC
Hong Kong Petrochemical[(5)]	99.99%	Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber	26 August 1988, Hong Kong
Dongbao Bio-tech[(6)]	21.18%	R&D, production and sales of gelatin, collagen and their derivative products	12 March 1997, PRC
Yiqing Bio-Tech[(7)]	21.18%	R&D, production and sales of empty capsules	24 January 1998, PRC

Notes:

1. At the date of its establishment, Guangdong Gon Plastics was held as to 55% and 45% by our Group and Guangdong Qianfang Enterprise Management Consulting Partnership (Limited Partnership)* (廣東乾方企業管理諮詢合夥企業(有限合夥)) ("**Guangdong Qianfang**"), an Independent Third Party. In May 2024, our Company acquired the 45% equity interest held by Guangdong Qianfang at a nominal consideration of RMB1.0, upon which, Guangdong Gon Plastics became a wholly-owned subsidiary of our Group. Such consideration was determined with reference to Guangdong Gon Plastic's net assets as at 31 March 2024, and was fully settled in May 2024.

2. In November 2021, our Group acquired 99% equity interest in Gon Polymer.1 from Zhejiang Free Trade Zone Jinyou Equity Investment Partnership (Limited Partnership)* (浙江自貿區錦佑股權投資合夥企業(有限合夥)), an Independent Third Party, at a total consideration of approximately RMB256.6 million, upon which Gon Polymer.1 became a subsidiary of our Group in 2021. Such consideration was determined with reference to a valuation report issued by an Independent Third Party valuer, and was fully settled in November 2021. In January 2022, the registered capital of Gon Polymer.1 was increased from RMB300 million to RMB600 million. Upon completion of the capital increase and as at the Latest Practicable Date, our Group holds 70% equity interest in Gon Polymer.1. The remaining equity interest is held by Qingdao Yisu Investment Partnership (Limited Partnership)* (青島一塑投資合夥企業(有限合夥)) ("**Qingdao Yisu**") and Zhejiang Free Trade Zone Diyi Equity Investment Partnership (Limited Partnership)* (浙江自貿區迪一股權投資合夥企業(有限合夥)) ("**Zhejiang Diyi**") as to 20% and 10%, respectively. Save for their investment in Gon Polymer.1, each of Qingdao Yisu and Zhejiang Diyi are an Independent Third Party.

3. For details of Gon Chemical (Dongming), please refer to "History and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisitions during the Track Record Period — Acquisition of Gon Chemical (Dongming) and Gon Ruihua" in this document.

4. For details of Gon Ruihua, please refer to "History and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisitions during the Track Record Period — Acquisition of Gon Chemical (Dongming) and Gon Ruihua" in this document.

5. For details of Hong Kong Petrochemical, please refer to "History and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisitions during the Track Record Period — Acquisition of Hong Kong Petrochemical" in this document.

6. For details of Dongbao Bio-tech, please refer to "History and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Dongbao Bio-tech" in this document.

7. Yiqing Bio-tech is a wholly owned subsidiary of the Group. In September 2024, Dongbao Bio-tech acquired approximately 33.36% and 6.64% equity interest of Yiqing Bio-tech from our Company and Qingdao Deyu Bio Investment Partnership (Limited Partnership)* (青島德裕生物投資合夥企業(有限合夥)) ("**Qingdao Deyu**"), respectively. The executive partner (執行事務合夥人) of Qingdao Deyu is Mr. Zhang Shide (張世德), a former director of our Company. The total consideration for the acquisition was RMB232 million, which was determined with reference to a valuation report issued by an Independent Third Party valuer and was fully settled in November 2024.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since 2015, our Company has been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Adviser advised us that during the Track Record Period and until the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A Share listing applicable to us in all material respects. Based on the filings on the website of the Shenzhen Stock Exchange and the information available in the public domain during the Track Record Period and up to the Latest Practicable Date, our PRC Legal Adviser is of the view that the above confirmation of our Directors with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Adviser's view above, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange in any material respect.

Our Company seeks to [**REDACTED**] on the Hong Kong Stock Exchange to secure additional capital for business development and expansion, while establishing an alternative fundraising platform for future needs. Furthermore, leveraging Hong Kong's role as an international hub, this [**REDACTED**] will provide robust support for cross-border technology collaboration in the high-end chemical new materials sector, industrial chain extension, global market expansion, and strategic mergers and acquisitions. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" for more details.

[**REDACTED**]

Rule 19A.13A of the Listing Rules requires that there must be an open market in the securities for which [**REDACTED**] is sought. Rule 19A.28B(2) of the Listing Rules requires that, for a PRC issuer with other listed shares, a portion of H shares listed on the Stock Exchange and held by the public must, at all times: (a) have a market value of at least HK$1,000,000,000; or (b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

So far as our Directors are aware, immediately following the completion of the [**REDACTED**], the 6,250,000 A Shares held by our Company as treasury shares and the Shares held by our core connected persons will not be counted towards the public float for the purpose of Rule 19A.28B(2) of the Listing Rules. For the purpose of the public float analysis, the following percentages to the total issued share capital of our Company exclude the 6,250,000 A Shares held by our Company as treasury shares. Details of these core connected persons are set out below:

- Mr. Wang (husband of Ms. Xu), being the chairman of our Board, an executive Director and a Controlling Shareholder, is a core connected person of our Company, holding 126,000,000 A Shares;

- Ms. Xu (wife of Mr. Wang), being a Controlling Shareholder, is a core connected person of our Company, holding 9,000,000 A Shares; and

- Xinghao Investment (a company held as to 83.30% by Ms. Xu), being a Controlling Shareholder, is a core connected person of our Company, holding 18,000,000 A Shares.

Immediately following completion of the [**REDACTED**], assuming that [**REDACTED**] H Shares are allotted and issued in the [**REDACTED**], our Company will have [**REDACTED**] issued Shares (excluding 6,250,000 A Shares held by our Company as treasury shares). Upon completion of the [**REDACTED**], the total number of Shares held by the public (on all regulated market(s) including the Hong Kong Stock Exchange) represents approximately [**REDACTED**] of our total issued Shares upon [**REDACTED**]. So far as our Directors are aware, all [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**], representing approximately [**REDACTED**] of our total issued share capital immediately upon [**REDACTED**] (excluding the treasury shares), are expected to be held by the public, which is higher than the prescribed percentage of H Shares required to be held in public hands of 5% under Rule 19A.28B(2)(b) of the Listing Rules. Based on the minimum [**REDACTED**] of HK$[**REDACTED**]; the mid-point [**REDACTED**] of HK$[**REDACTED**]; and the maximum [**REDACTED**] of HK$[**REDACTED**], we expect the market capitalization of our H Shares to be approximately HK$[**REDACTED**]; HK$[**REDACTED**]; and HK$[**REDACTED**], respectively, immediately following the completion of the [**REDACTED**] which is higher than the prescribed threshold of HK$1 billion under Rule 19A.28B(2)(a) of the Listing Rules.

[**REDACTED**]

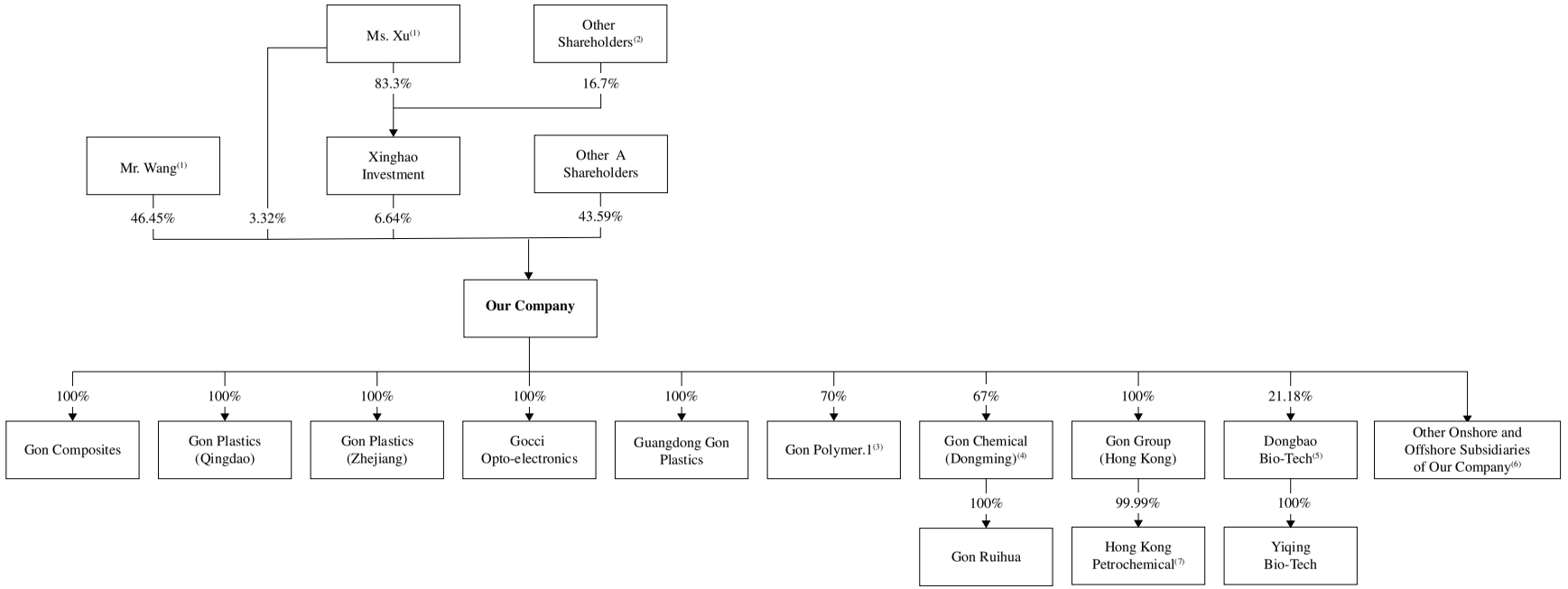
Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under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

Our Company will satisfy the [**REDACTED**] requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate structure immediately before the [REDACTED]

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the [**REDACTED**] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**]):



Notes:

(1) Mr. Wang is the founder of our Group, one of the Controlling Shareholders, the chairman of the Board, an executive Director and general manager of our Company. See "Directors and Senior Management" for more details. Ms. Xu is the spouse of Mr. Wang and, together with Mr. Wang, are the Controlling Shareholders of our Company.

(2) As at the Latest Practicable Date, these other shareholders of Xinghao Investment include (i) Ms. Li Huiying, one of our executive Directors, holding 0.6% equity interest; (ii) Mr. Li Zonghao, one of our executive Directors, holding 3.5% equity interest; (iii) Mr. Ji Xianshang, an employee of our Company, holding 4.5% equity interest; (iv) Mr. Chen Guanglong, an employee of our Company, holding 2.5% equity interest; (v) Ms. Liu Yan, a director and employee of Dongbao Biotech, holding 2.1% equity interest; (vi) Mr. Zhou Xing, a former employee of our Company, holding 3.5% equity interest.

(3) As at the Latest Practicable Date, the remaining equity interest is held by Qingdao Yisu and Zhejiang Diyi as to 20% and 10%, respectively. Each of Qingdao Yisu and Zhejiang Diyi is an Independent Third Party (save for their investment in Gon Polymer.1).

(4) As at the Latest Practicable Date, the remaining equity interest is held by Dongming Min'an and Dongming Fangya as to 25% and 8%, respectively. Each of Dongming Min'an and Dongming Fangya is an Independent Third Party (save for their investment in Gon Chemical (Dongming)).

(5) Dongbao Bio-tech is a company listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300239.SZ) and its shareholdings are widely dispersed. Since the Company holds significantly more voting rights than any other shareholder or organised group of shareholders, Dongbao Bio-Tech is accounted for as a subsidiary of the Company despite a shareholding of only 21.18%. The remaining equity interest is held by other A-share shareholders.

(6) As at the Latest Practicable Date, other subsidiaries include 40 subsidiaries established in the PRC, Hong Kong, Thailand and Germany.

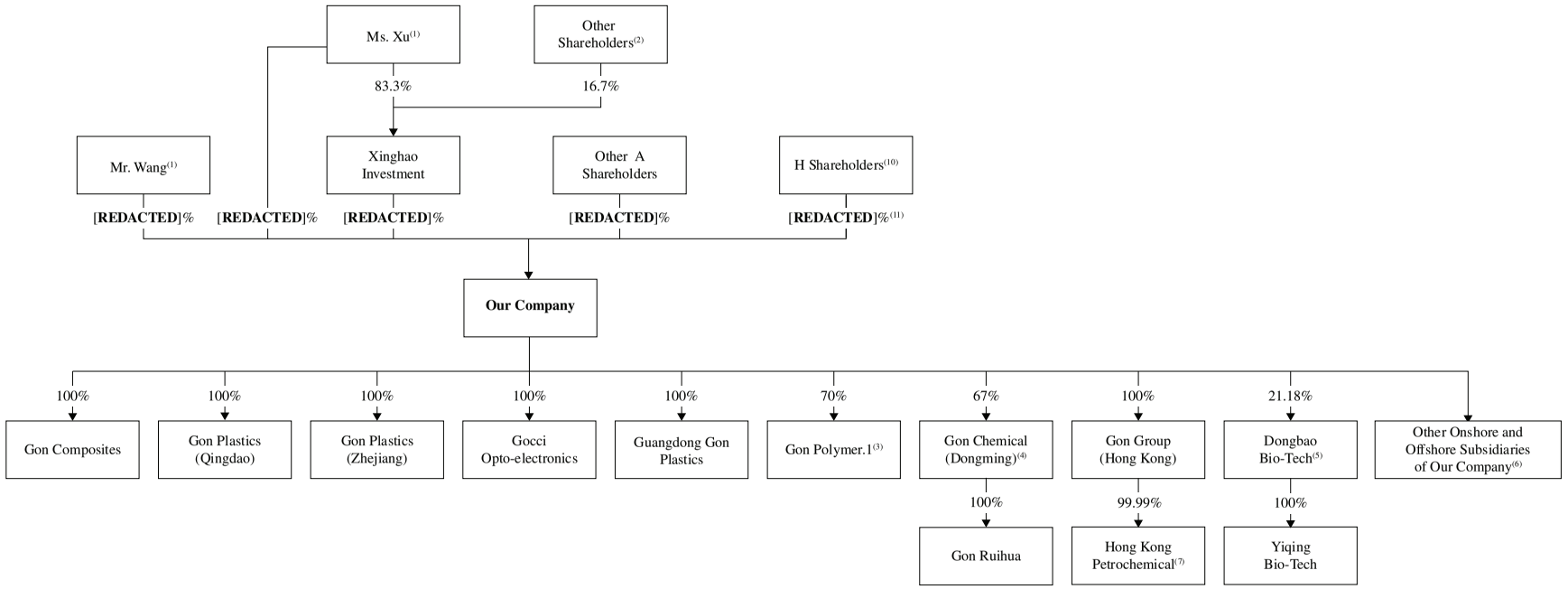
(7) Hong Kong Petrochemical is held as to 99.999% by Gon Group (Hong Kong). The number of shares held by the remaining shareholder of Hong Kong Petrochemical was negligible, as its shareholding in terms of percentage was, after rounding, nil.

(8) Include 6,250,000 A Shares repurchased and held in our Company's share repurchase account as treasury shares (assuming no changes are made to the number of repurchased shares held in our Company's share repurchase account between the Latest Practicable Date and [**REDACTED**]).

(9) Treasury shares of the Company have been included for the purpose of calculation of the shareholding percentages.

Shareholding and Corporate structure immediately following the [REDACTED]

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the [**REDACTED**], assuming that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**]:



Notes:

Notes (1) to (9): Please refer to the details contained in the preceding page.

(10) Shares held by such shareholders are to be counted towards [**REDACTED**]. Shares held by Mr. Wang, Ms. Xu and Xinghao Investment will not be counted towards [**REDACTED**].

(11) Treasury shares of the Company have been included for the purpose of calculation of the shareholding percentages. For the purpose of the [**REDACTED**] analysis, the percentage of H Shares to be issued excluding the treasury shares shall be [**REDACTED**]. This is calculated on the basis that the total number of issued shares excluding the 6,250,000 A Shares treasury shares shall be [**REDACTED**] Shares. The total number of H Shares to be issued shall be [**REDACTED**] Shares, representing [**REDACTED**] of our total issued Shares immediately following the [**REDACTED**] (excluding treasury shares).

OVERVIEW

Who We Are

We are a PRC-based supplier of new chemical materials and upstream and downstream products derived from gelatin and collagen. Serving the chemical industry and the health and wellness industry, we primarily engage in the R&D, production, and sales of our products for industrial and commercial use. For our chemicals segment, our customers include manufacturers from downstream industries (such as automobiles, new energy and home appliances) and supply chain solution providers of downstream manufacturers. For our health and wellness segment, our customers mainly include medical and pharmaceutical manufacturers who use our products as raw materials for their production of downstream products such as supplements and medicines. After more than 20 years of endeavor, we have established a vertically integrated layout in both the chemicals and health and wellness industries that spanning the value chain in these sectors[(Note)] from which we benefit from long-term economies of scale.

In the field of chemicals, we focus on marking our footprints along the new chemical materials industry chain that we have a product offering that covers upstream (i.e. our green petrochemical materials, such as alkenes aromatics, styrene, polystyrene) and midstream (i.e. organic polymer modified materials and organic polymer composite materials) of the industry value chain; and our downstream customers utilise our products as raw materials for their product manufacturing and performance optimisation. Laying our foundation on our organic polymer material modification business, we have expanded upstream into the R&D and production of green petrochemical materials such as styrene, polystyrene (PS), expandable polystyrene (EPS), and polypropylene (PP). Meanwhile, we continue to strengthen our downstream layout by exploring diverse applications in downstream industries such as electronics and appliances, automotive, new energy, and energy storage industries. According to Frost & Sullivan, in 2024, we ranked as China's second-largest organic polymer modified materials and organic polymer composite materials enterprise by sales revenue with a market share of 2.5%. Additionally, we are China's largest polystyrene enterprises by production capacity in 2024.

In the field of health and wellness, we focus on natural bone collagen and vertically extend to the downstream of the industry chain. Over the last few decades, our major subsidiary, Dongbao Bio-Tech, has vertically extended from collagen to "collagen+" with a product portfolio that covers collagen peptides-based/derived raw materials to end products, gradually exploiting the niche segments of the health and wellness industry which allow us to enjoy economies of scale. According to Frost & Sullivan, in terms of production, we were the second-largest bone gelatin producer in the Chinese market and the largest domestic bone gelatin producer in China in 2024. Furthermore, we were also the second-largest domestic empty capsules producer in China in 2024.

Note: For an illustration of our product offering along the industry value chain which form our vertical integration in the chemicals industry and health and wellness industry, please refer to "Industry Overview — Analysis of Industry Chain of Polymer Materials Industry" and "— Overview of the Gelatin Industry Chain", respectively.

During the Track Record Period, we experienced strong growth in revenue. For FY2022, FY2023 and FY2024, our revenue was RMB13,406.4 million, RMB17,438.8 million and RMB19,187.5 million, respectively, representing a CAGR of 19.6% from FY2022 to FY2024. For FY2023, FY2024, and 10MFY2025, our sales increased by 30.1%, 10.0%, and 10.0% year-on-year/period-on-period, respectively. As the primary downstream application of our products is in the household appliance sector during the Track Record Period, which is a relatively mature market with intensive competition, we have adopted a relatively competitive pricing strategy for our customers in such sector to safeguard our market position and sales volume, which in turn slowed down the pace of our overall sales growth in FY2024 and 10MFY2025 as compared with FY2023. We will continue to cultivate innovation through research and development, broaden our product portfolio, and expand downstream applications of our products to promote sales growth. The table below set out our revenue during the Track Record Period by business segment:

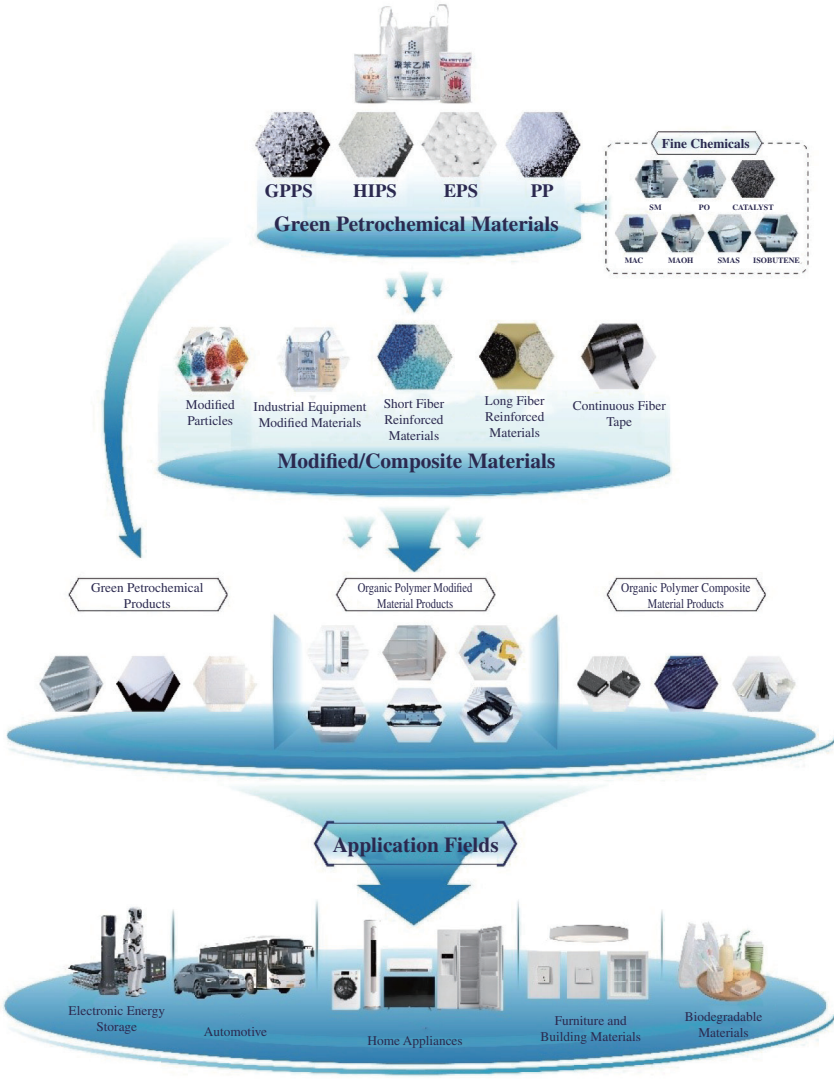
	FY2022		FY2023		FY2024		10MFY2024		10MFY2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Chemicals	12,463,043	93.0	16,464,267	94.4	18,334,935	95.6	15,161,709	95.6	16,841,342	96.5
Health and Wellness	943,397	7.0	974,512	5.6	852,576	4.4	701,396	4.4	602,523	3.5
Total	13,406,440	100.0	17,438,779	100.0	19,187,511	100.0	15,863,106	100.0	17,443,865	100.0

Our Business and Products

Chemicals

We have successfully built three growth engines in the field of chemicals, namely: (i) green petrochemical materials, (ii) organic polymer modified materials, and (iii) organic polymer composite materials, forming a vertically integrated value chain spanning 'monomers – synthetic resins – organic polymer modified materials/organic polymer composite materials – end products'. Applications of our products cover a wide range of major industries, including home appliances, automotive, new energy, consumer electronics, packaging, healthcare, and biodegradable materials.

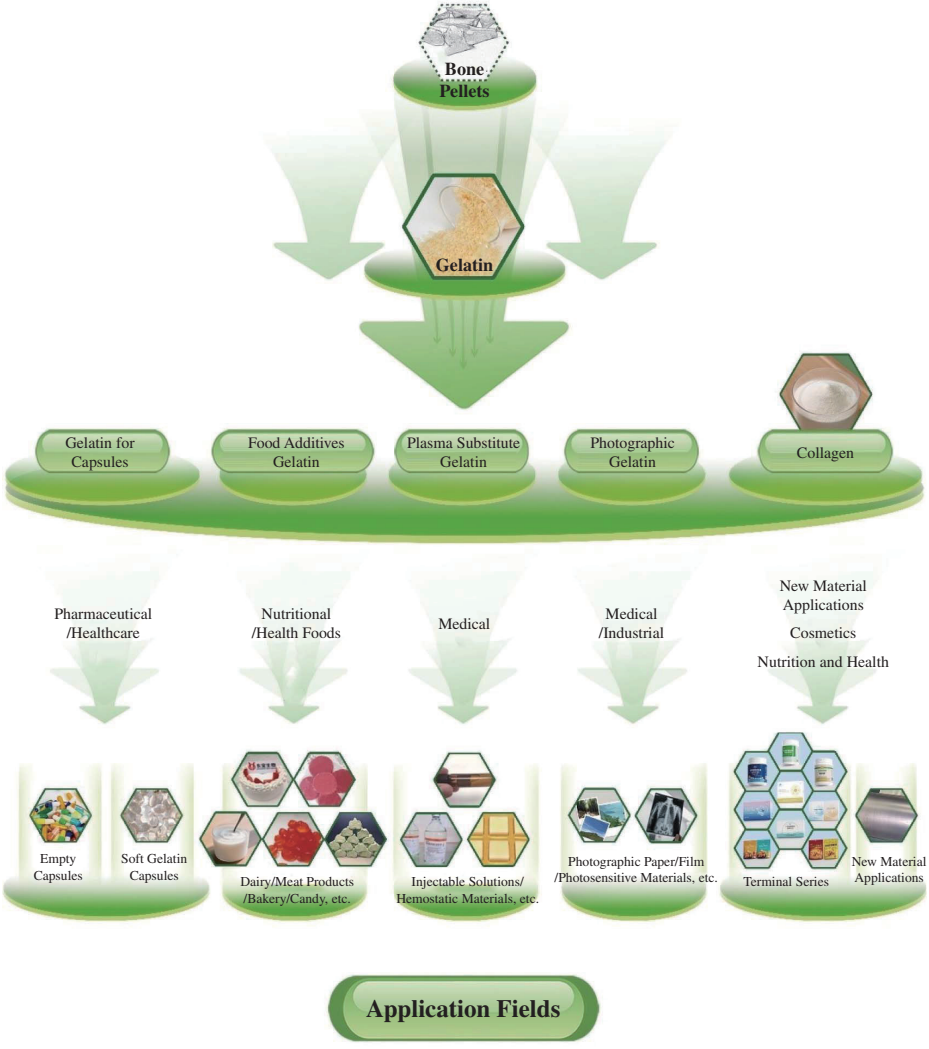
To further enhance our vertically integrated model, we have strategically invested in Gon Chemical (Dongming). Leveraging Gon Chemical (Dongming)'s modernized production lines for basic organic chemical raw materials, we have expanded into the upstream chemical monomers and fine chemicals segment. The diagram below illustrates our vertically integrated business model and product matrix of the chemicals segment:



Note: Gon Chemical (Dongming) which focuses on the fine chemicals sector was acquired in late 2024 as part of our vertical integration along the industry chain of polymer materials; accordingly, we did not generate revenue from the sales of fine chemicals before 2025.

Health and Wellness

With our expertise in natural collagen, we have vertically expanded into the downstream segments that the value chain from raw materials (i.e. our gelatin, collagen peptides), containers for dosage forms of medication or supplement (i.e. our empty capsules) to consumer products (i.e. our collagen+ series). This has enabled us to build an ecosystem in which our B2B products (gelatin, collagen peptides and empty capsules) and our B2C "collagen+" series mutually reinforce and benefit to form our business layout in the health and wellness market. We continuously develop and widen our offerings to include high-value-added collagen derivatives products, gradually expanding applications to gelatin, collagen penetrate sub-segments of the larger health and wellness market, including "medical, beauty, wellness, food" (醫、美、健、食) segments as well as emerging niche such as the advanced materials segment. The diagram below illustrates our vertically integrated business model and product matrix of the health and wellness segment:



Our Market Opportunities

Chemicals

As an important field for global technological innovation and industrial upgrading, the new chemical materials industry provides an indispensable material basis for high-end equipment manufacturing, new energy development, electronic information, biomedicine and other fields. According to Frost & Sullivan, the market size of new chemical materials market in China in 2024 was approximately RMB1.12 trillion. With the continuous acceleration of the high-quality development of China's manufacturing industry, the transformation and upgrading of traditional industries and the development of emerging industries have driven the continuous increase in demand for new chemical materials products, in particular, there is a strong market demand in strategic emerging industries such as new energy, high-end equipment and next-generation information technology.

In recent years, with the rise of new energy vehicles and the widespread adoption of lightweight material applications, downstream end-users become increasingly familiar with the application and processing of organic polymer modified materials, their usage has grown rapidly, even far outpacing the growth rate of the overall polymer materials market. The global market for organic polymer modified and organic polymer composite materials expanded rapidly from RMB848.1 billion in 2020 to RMB1,503.8 billion in 2024, representing a CAGR of 15.4%. The high strength and light weight of the organic polymer modified material has led to its use in a wider range of applications. It is projected to continue growing steadily at a CAGR of 12.6% from 2025 to 2029, reaching RMB2,680.8 billion by 2029. In China, the organic polymer modified materials and organic polymer composite materials market size increased from RMB303.8 billion in 2020 to RMB544.8 billion in 2024, achieving a CAGR of 15.7%. With the large-scale adoption of organic polymer modified and composite materials across industries, the China market is expected to maintain strong momentum, growing at a projected CAGR of 14.1% from 2025 to 2029, and reaching RMB1,037.5 billion by 2029.

Health and Wellness

According to Frost &Sullivan, with a rapid growing of premium healthcare services and health care products, the health and wellness market is projected to grow rapidly, reaching RMB62,588.5 billion by 2029 at a CAGR of 8.1% from 2025 to 2029. China's health and wellness market grew from RMB7,217.5 billion in 2020 to RMB9,827.6 billion in 2024, representing a CAGR of 8.0%. From 2025 to 2029, it is expected to maintain its growth with a CAGR of 8.5%, reaching RMB14,777.3 billion by 2029.

With the continuous growth of total demand, the market growth rate of the gelatin market is expected to remain at a high level. Bone gelatin, characterized by its low allergenicity and high biocompatibility, has become a key driver of market expansion, particularly in high-value applications such as premium capsules, hemostatic materials, and cosmetic products across the medical and pharmaceutical sectors. Simultaneously, the exploration of collagen peptide in emerging fields, such as new energy vehicles (e.g., electrolyte copper foil additives), is

gradually unfolding, providing diversified growth momentum. The China gelatin market is expected to grow at a CAGR of 8.9% from 2025 to 2029, reaching RMB12.5billion by 2029. On the other hand, supported by increased domestic production capacity and improvements in manufacturing processes, the supply of collagen protein has steadily expanded. As national living standards rise and consumer focus on personal beauty intensifies, growing demand is increasingly being met by this enhanced supply. The market of collagen pepticles in China is projected to grow at a CAGR of 32.7% from 2025 to 2029, reaching RMB246.2 billion by 2029.

Driven by the increasing demand from the silver economy, medical and healthcare sectors, consumers are expecting safer and more various empty capsules, which in turn has benefited the development of China's empty capsules market. According to Frost & Sullivan, China's empty capsules market is expected to continue to grow at a CAGR of 10.5% from 2025 to 2029, and reaching RMB14.6 billion by 2029.

OUR COMPETITIVE STRENGTHS

Established market presence in China's organic polymer modified materials market empowered by our vertically integrated model

We are an important player in the new chemical materials industry, being the second largest organic polymer modified materials and organic polymer composite materials supplier in China in terms of revenue in 2024, according to Frost & Sullivan. In 2024, our sales volume of organic polymer modified materials and organic polymer composite materials was 1,063,206.0 tonnes and 349,551.0 tonnes, respectively, with corresponding revenue of RMB10,324.9 million and RMB3,175.4 million.

With the organic polymer material modification business as the core, we vertically extended to the upstream of the industry chain, successfully entered the upstream segment of green petrochemicals such as styrene, polystyrene (PS), expandable polystyrene (EPS) and polypropylene (PP), and explored downstream application scenarios, such as new energy, home appliances, automobiles, optical displays, biodegradable, sports and health, and successfully built a vertically integrated industry chain of "monomer – synthetic resin – organic polymer modified materials/polymer composite materials – end products". Leveraging our vertically integrated model, our revenue from the chemicals segment grew from RMB12,463.0 million in FY2022 to RMB16,464.3 million in FY2023, and further grew to RMB18,334.9 million in 2024, with a CAGR of 21.3%.

(1) Extend the industry chain upstream to empower basic research and leverage the scale effect to achieve cost advantages to strengthen supply chain resilience

During the Track Record Period, we continuously optimize our industry layout and actively expand upstream to the green petrochemical segment through a series of production projects such as the GON Polymer.1 Polystyrene (PS) Project (國恩一塑聚苯乙烯(PS)項目), the Hong Kong Petrochemical High-Performance Polystyrene (PS) Project (香港石化高性能聚苯乙烯(PS)項目), the Rizhao Gon Expandable Polystyrene (EPS) Project (日照國恩可發性聚苯乙烯(EPS)項目), the Jiangsu Guoheng Polypropylene (PP) Resin Project (江蘇國恒聚丙烯(PP)樹脂項目) and the Gon Chemical (Dongming) Styrene (SM) Co-production of Propylene Oxide (PO) Project (國恩化學(東明)苯乙烯(SM)聯產環氧丙烷(PO)項目). According to Frost & Sullivan, China's production capacity of polystyrene (PS) was approximately 7.7 million tonnes in 2024, and we currently have an annual production capacity of more than one million tonnes, ranking the first in the domestic market.

In terms of R&D, through further in-depth research on raw materials, we have realized the coupling of upstream basic research and application development. Combining the innovation in the mechanism of monomer synthesis and catalyst system, as well as breakthroughs in core process technologies such as continuous bulk polymerization, we have completed full-process independent production of multiple specialty resins, built a R&D chain from polymer structure design, material performance optimization to terminal application verification, and successfully developed a series of high-performance and high-value-added products.

In terms of supply chain empowerment, we achieved cost advantages through economies of scale of our upstream layout, and strengthened the supply capability of upstream key monomers and specialty resins, reducing costs in intermediate processes. At the same time, leveraging the technological synergy advantages of our vertically integrated operation, we have achieved improvement of raw material quality and process stability, further enhancing our bargaining power.

Driven by the dual drivers of our R&D and supply chain, we have been able to maintain cost competitiveness and technical barriers while ensuring the security and stability of the supply chain; and thereby promote sustainable business development.

(2) Exploring downstream application scenarios to diversify product portfolio with rapid iteration, which allow us to mitigate risks arising from fluctuations in a single market and seize opportunities in emerging markets

Our diversified product portfolio with versatile downstream applications enables us to encounter risks arising from fluctuations in a single market and to seize opportunities in emerging markets to achieve growth at the same time. We have a diversfied product matrix and by leveraging modification formulas and continuous optimization of process technologies, we have gradually completed the model of "modification of general-purpose materials, performance enhancement of modified materials and cost optimization of high performance materials", covering general-purpose materials such as PP, PS and ABS, PP reinforced and toughened modified materials, HIPS heat-resistant modified materials, engineering materials

such as PC and PA, and high-end special materials such as PPA and PEEK. While widely covering the traditional home appliance and automotive industries, with the rise of new energy markets, including new energy vehicles, photovoltaics, wind power and other markets, we grasp the development opportunities of the industry, meet market demand with diversified product portfolio, in order to achieve further revenue growth, strengthen resilience against cyclicality through a diversified business portfolio and optimize the revenue structure.

Through the cross-empowerment of technologies in multiple disciplines, we have fostered various cross-sectoral innovations and accelerated product updates and iterations which in turn help our customers to seize market window and enhances stickiness of customers. For example, using our new polymer composite materials, we have participated in the joint development of battery pack with a leading new energy automaker. We believe that such participation promote our products to other mainstream automakers, and thereby strengthen our presence in the automotive industry.

Strategic layout in the health and wellness segment which forms one of our dual growth drivers under our "One Core, Two Wings" (一體兩翼) strategy

We have started our strategic development in the health and wellness industry chain since 2016. In August 2016, we acquired Yiqing Bio-Tech, of which main products include animal-derived empty capsules (gelatin empty capsules, enteric-coated gelatin empty capsules) and non-animal-derived empty capsules (including hypromellose empty capsules, pullulan empty capsules, etc.), which are used in the fields of medicines and health products. In August 2021, we acquired Dongbao Bio-Tech, which focuses on the research and development, production and sales of gelatin, collagen and their derivatives. In December 2021, we have enhanced our corporate structure for our health and wellness segment through merging Yiqing Bio-Tech (a downstream company of the industry chain of gelatin) into Dongbao Bio-Tech.

We have adopted a synergistic vertically integrated model to continuously deepen our collagen industry layout and vertically extend our business to encompass 'raw materials (gelatin/collagen) – dosage form carriers (empty capsules) – end products (collagen+ series).' This approach enables us to refine our technological chain from raw material preparation to end products, with applications gradually expanding into different sub-segments of the health and wellness industry such as "medical, beauty, health, and food" (醫、美、健、食), as well as the new materials sector.

(1) Collagen

Our subsidiary, Dongbao Bio-Tech, has been focusing on the R&D and production of collagen peptides and continuously deepen its development in the fields of medicine, nutrition and health, as well as beauty and personal care. With our own brands, "Golden Deer (金鹿)" and "Yuansu (圓素)", we have built a brand matrix covering B2B and B2C businesses. According to Frost & Sullivan, the market size of China's gelatin industry in 2024 was approximately RMB8.2 billion, of which, bone gelatin accounted for approximately 54%, with a market size of RMB4.4 billion. We ranked second among gelatin (bone gelatin) enterprises in China in terms of production volume in 2024.

In terms of our B2B business, our subsidiary, Dongbao Bio-Tech, has long term and stable customer resources, and has maintained long-term and stable relationships with well-known domestic empty capsule manufacturers and large pharmaceutical enterprises. Our product quality has been widely recognized by downstream customers. Our high-value-added product, plasma substitute gelatin, has been included in the national *Guide for Excellent and Innovative Consumer Goods* (《升級和創新消費品指南》) and has been commercialized. Moreover, downstream product, namely, succinylated gelatin injection has been included in Category B of the National Reimbursement Drug List (國家醫保乙類), and has gradually achieved diversified and in-depth promotion and application in the medical and health field.

In terms of our B2C business, Dongbao Bio-Tech launched a series of nutritional products, health products and beauty products by leveraging its advantage in collagen raw materials to seize the rise of silver economy, increasing health-consciousness as well as changes in consumer preferences.

(2) Empty capsules

With nearly 40 years of experience in empty capsule production, Yiqing Bio-Tech's trademark "箭牌" has been recognized as a "Shandong Famous Trademark" (山東著名商標), and its empty capsules were awarded "Shandong Top Brand Product" (山東省名牌產品). As the supervising unit of the Professional Committee of Empty Capsules of China National Pharmaceutical Packaging Association (中國醫藥包裝協會空心膠囊專業委員會主任委員單位) and leveraging its profound technologies and industry influence, Yiqing Bio-Tech participated in the drafting of multiple industry standards, including: *Gelatin Empty Capsules* (YBX 2000-2007), *General Requirements for Hollow Capsules* (T/CNPPA 3006-2019) *Specifications, Dimensions, and Appearance Quality of Hollow Capsules* (T/CNPPA 3008-2020), and contributed to the revision and formulation of empty capsule-related standards in the *Chinese Pharmacopoeia* (2020/2025 editions). According to Frost & Sullivan, the size of the empty capsule market in 2024 was approximately RMB8.8 billion. In terms of production volume in 2024, we ranked second among domestic empty capsule enterprises in China. It is expected that our production capacity will reach nearly 70 billion capsules after our "New Intelligent Expansion Project for Empty Capsules (新型空心膠囊智能產業化擴產項目)" is in operation and Yiqing Bio-Tech will become a empty capsule production base with leading production capacity of empty capsules in China capable of producing a comprehensive range of products with high degree of production intelligence. With our advanced intelligent production equipment and core process technologies, we can fulfill demand for customization and have established stable relationships with large pharmaceutical companies.

We have built a differentiated layout of "One Core, Two Wings" (一體兩翼), which comprises the chemicals segment targeting downstream applications in home appliances and new energy vehicles industry and the health and wellness segment with pharmaceuticals and nutritional foods as the main markets, and thereby navigate different business cycle and demands. The two wings work together to build risk resilience through technological diversity, market complementarity and regional dispersion.

With years of industry experience and commitment to pioneering through continuous innovation, we possess capabilities in R&D and in meeting diverse customer needs across different sectors.

With decades of experience in the new chemical materials industry, we have achieved technological accumulation through continuous innovation. In 2021, we were recognized as a "National Enterprise Technology Center (國家級技術中心)" by the National Development and Reform Commission. We have established national key laboratories, Shandong Province Advanced Polymer and Composite Materials Manufacturing Innovation Center and other research and development platforms. We have gradually developed into one of the most influential high-tech industrial bases for new technologies, new processes and new materials in China. With our industry experience, we have established joint laboratories with well-known domestic research institutes to conduct research and development of key material technologies, obtained patent achievements and have entered the initial stage of industrialisation.

Our subsidiary Dongbao Bio-Tech possesses one of the first gelatin key laboratories in China, and Yiqing Bio-Tech has a Provincial-level Technology Center.

As of the Latest Practicable Date, we owned 10 high and new technology enterprises and obtained a total of 513 patents, 20 software copyrights and participated in the formulation of 16 national standards, 19 group standards and four industry standards. We have also won honors such as Single Champion in the Manufacturing Industry in Shandong Province (山東省製造業單項冠軍企業) and Demonstration Enterprise of Technological Innovation in Shandong Province (山東省技術創新示範企業). Dongbao Bio-Tech and Yiqing Bio-Tech have won honors including Single Champion in the Manufacturing Industry in Inner Mongolia Autonomous Region (內蒙古自治區製造業單項冠軍企業) and Single Champion in the Manufacturing Industry in Shandong Province (山東省製造業單項冠軍等榮譽), respectively, proving that our technological level has been widely recognized by the industry.

We have a R&D team with strong credentials in the chemicals industry and health and wellness industry. As at 31 October 2025, our R&D team had 758 members, accounting for 13.7% of our employees, including personnel from overseas, domestic industry experts and internally-trained technical personnel, supplemented by external experts. Our talents also included highly-educated researchers and scientists with master's and doctoral degrees.

Our R&D capabilities enable us to enter different downstream application markets and meet the needs of customers in different industries. By participating in our customers' product design and development as a raw materials suppliers, we build up customer adhesiveness. Examples include:

- We have established a strategic partnership with a leading brand in the home appliance industry for more than 20 years. Our collaboration has expanded from supplying polymer modified materials for white goods to supplying polystyrene (including GPPS, HIPS), expandable polystyrene (EPS), modified materials and optical sheets for other home appliance. In the face of changes in technology and

market demand in the home appliance industry, we work closely with customers to continuously promote new product development, such as green and environmental friendly materials that meet the requirements of different environmental regulations such as RoHS and REACH and pass low-carbon and renewable certifications such as ISCC.

- Since partnering with a leading automaker, we gradually achieved multi-product penetration that we have become the supplier of three major materials: composite materials for battery pack, modified materials for charging pile, and lightweight automotive interior/exterior materials. As our partnership deepened, we further engaged in new vehicle model development, collaborating with the customer to explore innovative technologies. This has positioned us as a key supplier with multi-dimensional cooperation encompassing material R&D, supply chain integration, and cost control.

We have established long-term relationships with leading enterprises leveraging our strong reputation

Through continuous optimization of product quality and continuous improvement of service quality, we have developed market reputation in the industry, and we have several honors such as "Top 10 Leading Private Enterprises in New Materials and New Energy Industries in Shandong," "Top 100 Private Enterprises in Shandong Province," and "Top 500 Private Enterprises in China's Manufacturing Sector."

We have established strategic partnerships with a number of industry-leading enterprises and achieved long-term and stable bulk supply. Our R&D capabilities and product matrix satisfy the needs of customers and have won recognition from customers. We have been awarded the "Strategic Cooperation Award", "Best Partner", "Excellent Supplier" and other honorary titles by our partners for many consecutive years. Our brand value has become the driving force for our expansion in emerging markets, and our industry reputation enables us to seize business opportunities from other well-known customers.

We provide a wide range of products and services to a number of well-known corporate customers in the traditional home appliance sector, and have become an important supplier of a number of leading smart home appliances manufacturers, forming our foundation in the industry and customer network. In the automotive and new energy sector, we have continuously deepened our cooperation with leading enterprises. Our broad customer base and long-term cooperative relationships provide us with sustained and stable revenue. Against the backdrop of slowing economic growth, our revenue increased from RMB13,406.4 million in 2022 to RMB17,438.8 million in 2023, and further increased to RMB19,187.5 million in 2024.

Founders and management team with vision, keen industry insights and rich experience

We believe that the depth of vision and industry experience of the management is the core driving force for sustainable development. We also believe that the vision, experience and dedication to our Group of our senior management has contributed significantly to our success and continued growth in profitability.

As the founder of our Group, Mr. Wang entered the polymer materials industry in 1997, coinciding with a historic opportunity for China's modified materials sector to break free from import dependency and embark on domestic production. With his forward-looking vision and market acumen, Mr. Wang strategically chose Qingdao, the then China's hub for home appliance manufacturing, to establish Guoen Technology in December 2000, marking the beginning of our journey. Guided by the vision ***"Building a Century of Gon, Advancing Technology for Generations"*** (塑世紀國恩,興百年科技), we laid the strategic foundation for our technology-driven and synergistic growth in two sectors: the chemicals industry and health and wellness industry. After delving into the industry for nearly three decades, Mr. Wang led us to complete its A-Share listing on 30 June 2015 based on his profound understanding of the laws of industrial development and corporate growth. Over the past ten years, through continuous research and development, capacity expansion, strategic layout in the upstream industry chain of the chemical industry and exploration of the second growth trajectory of the health and wellness industry chain, our operation scale in financial terms has grown from a total assets of RMB997.8 million in 2015 to total assets of RMB18,351.4 million in 2024, and our revenue has leaped from RMB750.0 million in 2015 to RMB19,187.5 million in 2024. He also led us to adhere to the core development strategy of "One Core, Two Wings" encompassing the chemicals industry and the health and wellness industry. As a leader in China's new chemical materials industry, Mr. Wang is the vice chairman of the China Management Science Conference, a representative of the National People's Congress of Qingdao, an economic adviser to the Qingdao Municipal People's Government, a member of the Qingdao Talent Strategy Advisory Committee, and a review expert of the Science and Technology Innovation Achievement Papers Review Committee under the 17th and 18th Chinese Scientists Conference, among other social positions, continuously injecting professional wisdom into regional economic development.

Our executive Directors, senior management members and key operating personnel have extensive experience in the new chemical materials industry, most of whom have been in the relevant industry for more than 20 years, forming deep insights into the industry ecology and the ability to quickly respond to market demand. During the Track Record Period, our key management team remained stable, and the stable organizational structure has ensured consistent execution of our strategies. Our management team has always adhered to the value concept of "customer-oriented, value-oriented and harmonious growth", and firmly implemented the purpose and goal of "offering sincere work with sincerity". In the process of promoting the implementation of the "One Core, Two Wings" strategy, it has not only transformed the corporate culture into solid strategic operational results, but also formed a close interaction with customer needs through efficient execution to achieve a leap in corporate brand value. This operational philosophy, rooted in the professionalism and sense of responsibility of our management team, has become the foundation for our Company to achieve leapfrog development and maintain sustainable growth.

OUR STRATEGIES

Develop overseas markets through investing in Hong Kong and deploying overseas production capacity

According to Frost & Sullivan, the size of the overseas organic polymer material modification market was approximately RMB0.96 trillion in 2024. Under the premise of the gradual recovery of the global economy, the overseas organic polymer material modification market will reach RMB1.64 trillion in 2029, with a CAGR of approximately 14.3% from 2025 to 2029. The concentration of the global organic polymer material modification industry is relatively low, and Chinese organic polymer material modification enterprises have technical advantages when going overseas. With the surge of home appliance enterprises going overseas, it has become a prevailing trend for organic polymer material modification enterprises to cooperate with downstream home appliance enterprises to develop an overseas layout. We believe that keeping pace with the times to develop overseas markets, building a regional headquarters in Hong Kong, deploying overseas production capacity and establishing an overseas sales network can create new revenue streams and elevate our brand value in an international context.

Investing in Hong Kong to radiate the global market

We plan to establish a regional headquarters in Hong Kong, with Hong Kong as the anchor point to radiate the global market and develop an international layout. As the fulcrum of our globalization strategy, the regional headquarters in Hong Kong will integrate the functions of technology innovation R&D center, an exhibition hall with intelligent interactive digital display and overseas sales office to support international business operations, supply chain expansion and multi-dimensional integration of overseas high-quality industry resources, thereby promoting our international layout.

Also, we acquired Hong Kong Petrochemical in 2024 to develop the layout of the overseas upstream industry chain. We plan to leverage Hong Kong Petrochemical's capacity in high-performance polystyrene (PS) and its 6,000-tonne deep-water berth as the foundation of our overseas production and shipping base for green petrochemical materials. Therefore, we plan to renovate and upgrade Hong Kong Petrochemical's production space, production lines, logistics and other equipment to improve production efficiency and product quality. Please see "Future Plans and Use of [**REDACTED**]" in this document also.

Layout of overseas production capacity

Currently, it is part of our future plans to deploy production capacity in Thailand by constructing a new production base in Thailand to serve the huge local downstream industry clusters nearby and form an industrial ecosystem as a favorable way to enter the global market. For details, please see "Future Plans and Use of [**REDACTED**]". After our new production base in Thailand commence operation, subject to further assessment of the trade environment, macroeconomic conditions, market demand and downstream customers' supply chain layouts

at the relevant time, we may further expand our production capacity by setting up new production bases in Vietnam and Mexico in the future. According to Frost & Sullivan, Chinese home appliance enterprises dominate the global home appliance industry chain. In 2024, the production capacity of household air conditioners, refrigerators, washing machines and LCD TV panels in China accounted for 81%, 57%, 50% and 70% of the global share, respectively. Amid shifting global trade dynamics such as global trade tension and trend of localizing operations in emerging markets such as Southeast Asia, Chinese home appliance companies have been expanding overseas gradually to serve demand of emerging markets better and to counteract potential tariff impact due to global trade tension. For example, Hisense announced to open an industrial park in Mexico in 2021, and Haier has built air conditioner, washing machine and refrigerator production lines in Vietnam and Thailand. As of May 2025, Midea operated seven major manufacturing bases in Thailand, covering household air conditioners, washing machines, refrigerators and other fields. We believe that following the overseas layout of downstream home appliance enterprises and extending our well-established business model to overseas markets can further enhance customer stickiness, diversify our revenue streams.

The production base in Thailand will be the first step of our overseas production capacity expansion. Thailand is located in the center of ASEAN countries with prominent geographical advantages and a relatively high degree of trade liberalization. In addition, the Thai government has introduced a series of policies to promote foreign investment. Our production base in Thailand is planned to focus on polymer modification. We believe that the production base in Thailand will help us meet the local market demand more quickly, improve responsiveness and service standards, thereby promoting the sustainable development of our overseas business. Please see "Future Plans and Use of [**REDACTED**]" in this document also.

Continue to expand production capacity layout to maintain economies of scale and increase market share

We plan to gain more market share in China's new chemical materials market by expanding production capacity and expanding our presence in multiple locations. According to Frost & Sullivan, the size of the new chemical materials market was approximately RMB1.12 trillion in 2024. It is estimated that by 2029, the industry size is expected to exceed RMB1.60 trillion, with a CAGR of approximately 7.4% from 2024 to 2029. Establishing production bases across multiple regions with clustered upstream/downstream enterprises (e.g. material suppliers, equipment manufacturers, and consumer brands) enables integration into localized ecosystems for technology sharing, capacity coordination, and market access.

At present, our headquarters is located in the new materials industry cluster in Qingdao which facilities logistics convenience and better access to talent pool, which can enhance our regional competitiveness. Our subsidiary, GON Polymer.1, is located in Zhoushan, Zhejiang Province with a site area of approximately 166,000 sq.m. For customers within a short distance in East China and North China, it can supply goods by road transportation, which is highly flexible and time-effective; for customers in South China or abroad, due to its proximity to Zhoushan and Ningbo Ports, products can be delivered by ship to ensure customers' demand is met. We plan to expand our production base for production of organic polymer modified materials and organic polymer composite materials in Yangtze River Delta, which offers a

well-developed transportation network conveniently connected to local and nationwide demand and supply chain network. This strategic location helps reduce raw material procurement and transportation costs. Additionally, we have made a strategic investment in Guo Chemical (Dongming) and have set up a production base in Heze, Shandong province which is a hub for fine chemical industry clusters. This strategic move further strengthens our upstream supply chain layout.

Going forward, we plan to continue to expand our production capacity layout, with Qingdao headquarters as the core, and carry out industrial layout in Shandong, Zhejiang, Jiangsu, Guangdong, Henan and other regions, in order to build a local integrated cluster production base from basic chemicals, fine chemicals to material modification and material compounding from point to area. We believe that by dynamically adjusting production capacity and production lines, we can meet the growing product demand of local customer groups, reduce logistics costs, maintain economies of scale and increase market share. Please see "Future Plans and Use of [**REDACTED**]" in this document also.

Driving high-quality development in the health and wellness sector with high value-added, technologically advanced products as the engine

The health and wellness segment is an important part of our "One Core, Two Wings" strategy. With the rise of the concept of universal health, China's health and wellness market grew rapidly from RMB7.2 trillion in 2020 to RMB9.8 trillion in 2024, with a CAGR of approximately 8.0%. It is estimated that by 2029, the size of China's health and wellness market will further increase to RMB14.8 trillion. According to the Frost & Sullivan Report, in 2024, the consumption of gelatin industry in China was approximately 162,000 tonnes, with a market size of approximately RMB8.2 billion. In 2024, the market size of empty capsules in China was approximately RMB8.8 billion.

We attach great importance to R&D and technology innovation. We believe that by promoting high-value, high-tech barrier products in the health and wellness segment to enter the market, we can further consolidate market position, improve product structure and expand profit margins. Currently, our key high-value-added products and major products under development include:

- We are the only domestic supplier of plasma substitute gelatin in the industry. Our plasma substitute gelatin has been included in the national *Guide for Excellent and Innovative Consumer Goods* (《升級和創新消費品指南》) and has been launched into the market for sales. Due to the special approval mechanism of the product, the National Medical Products Administration adopts a one-to-one approval between suppliers and customers. With high customer stickiness and stable revenue, we plan to promote long-term cooperation with key customers as soon as possible. Its corresponding downstream product succinylated gelatin (injection) has been included in Category B of the National Reimbursement Drug List, laying a solid foundation for the Company to enrich its customer structure and focus on the high-end market in the next step.

- The endotoxin content of our ultra-low endotoxin gelatin has been significantly reduced to below 30EU/g through special production processes and technical treatments, which meets the stringent requirements on the endotoxin content of biological materials in high-end medical, medical aesthetics and other fields. Our technological breakthroughs are expected to achieve first-mover advantages in the field of upstream raw materials for high-end biopharmaceuticals in China. At present, the product has started to respond to market demand.

- We have developed collagen specialized collagen for the cashmere textile industry primarily made from natural polymer bio-protein agents, serving as an alternative to synthetic chemical additives. This innovation not only reduces greenhouse gas emissions caused by traditional high-temperature cashmere dyeing processes and thereby achieve low-carbon and eco-friendly production, but also effectively addresses the long-standing challenge of anti-pilling in cashmere and other textiles. At present, we have cooperated with downstream customers to carry out tests on the production line, preparing for the next step of mass production.

- In recent years, the new energy industry has continued to grow rapidly, and the lithium battery copper foil industry in China and abroad has developed quickly, with production capacity increasing year by year. As an key additive in the production of electrolytic copper foil, the demand for raw collagen is also increasing rapidly. The collagen additive for electrolytic copper foil we developed is expected to seize the opportunities arising from the industry development and become a new revenue growth driver. At present, we have commercialised our collagen additive for electrolytic copper foil and we are making continuous refinement in its production processes in order to satisfy market demand better.

Further enhance R&D capabilities to explore high-value products and improve production efficiency

Our diversified product matrix and R&D capability are key factors for us to maintain our competitiveness and deepen cooperation with quality customers. This competitive advantage comes from our R&D team, modification formula and continuous optimization of process technologies. We are committed to further improving our R&D capabilities, exploring high-value products and new applications as well as improving production efficiency. We believe that our R&D strength will enable us to diversify our revenue streams and help us expand our market share in the PRC and the global market. It is our plan to strategically initiate our layout in the robotics industry. Leveraging our R&D capabilities and vertically integrated supply chain, we aim to integrate light-weight material technologies with the robotics industry in order to offer comprehensive material solutions covering "material design — structural optimization — functional realization" to promote advancement of lightweight robotics and related scenario-based applications.

It is our plan to establish a R&D centre in Hong Kong which will form part of our regional headquarters to be established in Hong Kong which will focus on the modification of organic polymer materials, and gradually build up an R&D system of "basic R&D — transformation from pilot to commercial production — industrial application". We plan to further explore cutting-edge technologies in the industry and focus on the development of products for new energy, high-end equipment, green environmental protection industries. For information on the Hong Kong regional headquarter, please refer to 'Our Strategies — Develop overseas markets through investing in Hong Kong and deploying overseas production capacity' and 'Future Plans and Use of [**REDACTED**]' in this document also.

Key R&D Projects

We also plan to follow the pace of national strategies for product layout and seize opportunities in emerging markets by promoting R&D projects in the field of degradable materials and new energy. Currently, the key R&D projects in progress include:

(1) Degradable Material PHB

Currently, the global industrial production of PHB mainly relies on microbial fermentation technology, in which significant technical bottlenecks exist — long production cycle, low raw material conversion rate and high cost. We have innovated a new chemical synthesis process for PHB utilizing our self-developed catalytic system to synthesize directionally PHB materials with high molecular weight and high application performance. This breakthrough technology provides an economically feasible and environmentally friendly solution for the large-scale commercial application of biodegradable materials. At present, the project has finished its lab R&D phase, and a small-scale pilot production line has been built.

(2) Catalysts

Catalyst is one of the cores of chemical technology. The catalyst production technology developed by us has overcome the issues of 'high production cost', 'high risk factor' and 'poor catalytic performance' of existing catalysts, including production technologies utilizing acidic ionic liquids and solid acid catalysts, ethylene glycol refined catalysts and catalysts of selective hydrogenolysis of glycerol. Such catalysts have been successfully applied in industrial production units and have gained recognition from users. Small scale production and trial sales are being conducted currently.

(3) Terminal Olefin Compound (端烯類化合物)

Terminal olefin compounds are the key raw materials for high-end polyolefin materials (such as POE elastomers), high-end organosilicon materials, pharmaceuticals and special flavors, with broad market prospects and high product value. We are now capable of producing high-purity terminal olefin products, which are expected to be developed into import substitute. Small scale production and trial sales are being conducted currently.

(4) Polyether Ether Ketone (PEEK) (聚醚醚酮)

PEEK is high-performance plastic material used in demanding engineering applications. Leveraging our proprietary continuous fiber reinforcement technology, we have collaborated with leading institute and completed the development of PEEK material production technology and core processes. We plan to initiate PEEK mass production and build an integrated supply chain for "PEEK resin prepreg tapes – high-end composite structural components" to cater demand for high-performance engineering plastic products in aerospace, medical, new energy vehicles, humanoid robots, and advanced fields.

Extend the industrial chain through acquisition or investment and strengthen the innovation chain and value chain

In future, we plan to further explore strategic cooperation, investment, and acquisition opportunities providing synergies for our business by leveraging our track record of property accumulation and commercial success for more than two decades. We believe that acquisitions or investments in extending our industrial chain do not only diversify our integrated platform rapidly, but also inject external innovation vitality, strengthening the innovation chain and value chain.

We may consider acquiring or investing in industrial chains of domestic and overseas large-scale chemical enterprises and large-scale health enterprises, with major considerations as followed: being in a stage of rapid growth, demonstrating synergy with the Company's existing business, being a leader of the industry in terms of research and development capabilities, and being located in industrial clusters.

OUR BUSINESS AND PRODUCTS

Our business is divided into two major segments, namely, (i) chemicals segment and (ii) health and wellness segment.

For our chemical industry segment, we are engaged in the R&D, production, and sales of new chemical materials. We categorise our products into three main categories, namely, (i) green petrochemical materials, (ii) organic polymer-modified materials and (iii) organic polymer composites.

For our health and wellness segment, we are engaged in the R&D, production, and sales of natural collagen and natural collagen-based products. We categorise our products into two main categories, namely, (i) gelatin, collagen peptides and their derivatives and (ii) empty capsules.

The following table sets out the breakdown of our Group's revenue by product type under the two business segments during the Track Record Period:

	FY2022		FY2023		FY2024		10MFY2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Chemicals								
Green petrochemical materials	1,195,790	8.9	3,059,177	17.5	3,869,138	20.2	3,906,284	22.4
Organic polymer composite materials	1,995,218	14.9	2,757,256	15.8	3,175,422	16.5	3,173,907	18.2
Organic polymer modified materials	7,597,487	56.7	9,744,718	55.9	10,324,910	53.8	8,832,676	50.6
Others *(Note 1)*	1,674,548	12.5	903,116	5.2	965,465	5.1	928,475	5.3
Subtotal	12,463,043	93.0	16,464,267	94.4	18,334,935	95.6	16,841,342	96.5
Health and Wellness								
Gelatin, collagen peptides and their derivatives *(Note 2)*	652,892	4.8	662,452	3.8	483,574	2.5	271,570	1.6
Empty capsules	284,999	2.1	307,963	1.8	366,635	1.9	329,701	1.9
Others *(Note 3)*	5,506	0.0	4,097	0.0	2,367	0.0	1,252	0.0
Subtotal	**943,397**	**7.0**	**974,512**	**5.6**	**852,576**	**4.4**	**602,523**	**3.5**
Total	**13,406,440**	**100.0**	**17,438,779**	**100.0**	**19,187,511**	**100.0**	**17,443,865**	**100.0**

Notes:

1. Others of the chemicals segment mainly includes sales of chemical raw materials we purchased from third-party suppliers to our customers. As part of our dynamic inventory management and to satisfy needs of our customers who are manufacturers in different industries and may need the same chemical raw materials for their production, depending on the market prices of raw materials, we may sell our inventory to our customers. For FY2022, FY2023, FY2024 and 10MFY2025, such sales amounted to RMB1,669.2 million, RMB896.1 million, RMB957.2 million and RMB918.0 million, respectively.

2. Include (i) raw materials products, such as gelatin, collagen peptides supplied to B2B customers who are manufacturers in downstream industries, such as pharmaceutical, medical and healthcare product manufacturers, and (ii) B2C products such as collagen-based health supplements, nutritional and wellness products as well as skincare products, targeting end consumers.

3. Others of the health and wellness segment included leasing income derived from letting out part of our obsolete factory in Qingdao owned by Yiqing Bio-tech.

Major products of chemical segment

(i) Green petrochemical materials

The following table sets out information about our representative green petrochemical products:

Product	Photos	Description	Uses and applications
General purpose polystyrene ("**GPPS**")		Polymerized from styrene monomer, GPPS is one of most widely used types of resins. Key features are high transparency, excellent, and high heat resistance. It also possesses good processing performance and a short molding cycle.	Widely used in home appliances, lighting, packaging, optical components, and medical ware etc. It is used for manufacture of refrigerator drawers, light diffusers, optical lenses, packaging films, petri dishes, and food containers, among others. With its transparency and excellent moldability, together with advancements in technologies such as cross-linking and hydrogenation, GPPS is not only expanding its application but also evolving into an engineered material with enhanced performance.
High impact polystyrene ("**HIPS**")		HIPS is a modified form of GPPS, produced by copolymerizing styrene monomer with an elastomeric component (typically polybutadiene rubber) which creates a two-phase system consisting of a continuous polystyrene matrix (providing rigidity and processability) and a dispersed rubber phase (improving hardness and impact resistance). HIPS has evolved into one of the most commercialized polymer materials. Key features are high rigidity, ease of processing, and enhanced impact strength.	HIPS can be processed via injection molding or extrusion to manufacture a wide range of products. HIPS is widely used for the production of home appliances, such as parts of refrigerators (e.g. interior liners), air conditioners (e.g. outer housings, mounting bases) and televisions (e.g. back covers, structural frames). HIPS is also used for the production of stationery, toys, packaging and containers as well as household items.

Product	Photos	Description	Uses and applications
Expanded polystyrene ("**EPS**")		EPS is a lightweight, rigid foam plastic derived from polystyrene resin. It is made from polymerizing styrene with a blowing agent (typically pentane or butane), which expands during processing to form a closed-cell foam structure composed of numerous tiny air pockets. Key features of EPS are lightweight, insulating with shock-absorbing properties.	EPS is widely used in agriculture, transportation, construction, packaging, automotive and shipbuilding industries. It can be used for the production of various foam products for packaging, structural support, thermal insulation, noise reduction, loose-filling etc.
Polypropylene ("**PP**")		PP is a type of general-purpose resins produced from propylene monomer (or a combination of propylene and ethylene). PP can exist as either a homopolymer or copolymer, making it one of the most versatile general-purpose resin materials with the widest range of applications and varieties. Depending on different molecular structures and synthesis methods, various grades of PP can be used for different application scenarios. PP is known for its high strength, durability, and resistance to chemicals and heat.	Polypropylene (PP) can be processed using various manufacturing techniques, covering nearly all aspects of plastic processing. By injection molding, PP can be used for the production of small household appliances, toys, washing machine components, automotive parts, etc. By extrusion, PP can be used for woven plastic products, fibers, plastic grids, geotextiles, etc. PP can also be processed into films and used for the production of packaging materials, battery separators, etc. With pipe extrusion techniques, PP can be used in water supply systems, heating systems, etc.

(ii) Organic polymer modified materials

The following table set out description of organic polymer modified materials, which is a formulated product based on customer's needs and specifications.

Product	Photos	Description	Uses and applications
Organic polymer modified materials		Modified materials is primarily formulated using one or more general-purpose resins (e.g. PP and PS as aforementioned as well as PVC, PS, ABS, etc.), engineering resins (PA, PC, POM, PBT, PPO, etc.), and specialty engineering resins (PPS, PI, PPA, PEEK) as base. These materials are enhanced through the addition of functional additives or by blending with other resins, with the goal of improving their mechanical strength, rheology, flammability resistance, as well as electrical, thermal, optical, and magnetic properties. As a result, the modified materials exhibit the key features of greater strength, toughness, flame retardancy, impact resistance, and improved processability.	Serving as fundamental industrial materials, organic polymer modified materials are most extensively used in home appliance and automotive industries, with increasing application in various core industries and emerging sectors. These include smart furniture, new energy vehicles, 5G communications, artificial intelligence, medical applications, rail transit, precision instruments, security systems, aerospace, military defense, and modern agriculture.

(iii) Organic polymer composite materials

The following table set out description of representative organic polymer modified materials.

Product	Photos	Description	Uses and applications
Sheet molding composites ("**SMC**") and SMC products .	 	SMC is made of thermosetting resin (typically unsaturated polyester) as the matrix and glass fiber as the reinforcing material. It belongs to the category of pre-impregnated thermosetting glass fiber reinforced plastic composites. SMC products are made by curing SMC under heat and pressure, known for its high strength-to-weight ratio, corrosion resistance, and cost-effectiveness, making it ideal for automotive and other industrial applications	SMC is widely used in the manufacture of automotive parts, electrical products, building & sanitary ware, rail transportation, industrial and equipment applications, etc.
High Pressure Resin Transfer Molding (HP-RTM) products.		HP-RTM products are thermosetting composite parts made using high-pressure resin transfer molding (HP-RTM), a process that involves injecting resin under high pressure into a mold containing glass fiber reinforcements. HP-RTM products are known for its high-performance, lightweight, with double-sided smooth surfaces.	HP-RTM products is widely used in the manufacture of automotive parts and components, aerospace, rail transportation, sports and leisure, industrial equipment

Major products of Health and Wellness segment

Our products under the health and wellness segment are categorized into two categories, namely, (i) gelatin, collagen peptides and their derivatives, which include include (a) raw material products, such as gelatin and collagen peptides supplied to B2B customers who are manufacturers in downstream industries, such as pharmaceutical, medical and healthcare product manufacturers, and (b) B2C products such as collagen-based health supplements, nutritional and wellness products as well as skincare products, targeting end consumers; and (ii) empty capsules supplied to B2B customers who are manufacturers in downstream industries, such as pharmaceuticals, medical and healthcare products manufacturers.

The following table sets out information about our representative products under our health and wellness segment:

Category	Product	Photos	Major application
Raw material products	Gelatin (including plasma substitute gelatin)		Gelatin is widely used in pharmaceuticals as pharmaceutical excipients, health supplements, nutritional and wellness products confectionery, dairy, and other food products. It is also used in the film and medical industries
	Collagen Peptides		Collagen peptides is widely used in cosmetic, health, and food industries as functional foods and supplements and skincare products. as well as in new material fields such as new energy and textiles materials
	Empty capsules		Empty capsules are commonly used in pharmaceutical and other health products
B2C products	Health supplements and food (e.g. collagen powder), skincare (e.g. face masks) etc.		Our B2C product range is designed to meet the varied health needs of consumers across different age groups and include a series of collagen-based health supplements, nutritional and wellness products

OUR PRODUCTION

Production Bases

Headquartered in Qingdao, Shandong province, we have built production bases in different regions of China.

For our chemicals segment, we have established production bases in multiple regions including Shandong (Qingdao, Heze, Rizhao), Zhejiang (Huzhou, Zhoushan), Jiangsu (Yizheng, Yixing), Guangdong, Henan and Hong Kong. The following table sets forth a summary of our production bases:

Location	Site area[Note] (sq. m.)	Planned major output	Self-owned/Leased (sq. m.)
Shandong	1,112,037	• organic polymer-modified materials • organic polymer composite materials • green petrochemical materials • fine chemicals	Self-owned: 1,092,037 Leased: 20,000
Zhejiang	427,799	• organic polymer-modified materials • organic polymer composite materials • green petrochemical materials	Self-owned: 298,599 Leased: 129,201
Jiangsu	202,408	• organic polymer-modified materials • organic polymer composite materials • green petrochemical materials	Self-owned
Guangdong	41,890	• organic polymer-modified materials • organic polymer composite materials	Leased
Henan	31,055	• organic polymer-modified materials • organic polymer composite materials	Leased
Hong Kong	51,074	• green petrochemical materials	Leased

Note: The indicated site area represents the land use right area of the site where our production bases are located.

For our health and wellness segment, we have production bases in Inner Mongolia (Baotou) and Shandong (Qingdao). The following table sets forth a summary of our production bases for our health and wellness segment:

Location	Site area (sq. m.)	Planned major output	Self-owned/Leased
Inner Mongolia .	232,204	• Gelatin, collagen peptides and their derivatives	Self-owned
Shandong	81,287	• Empty capsules	Self-owned

Below are the pictures of our representative production bases:



Shandong Qingdao Headquarters Base

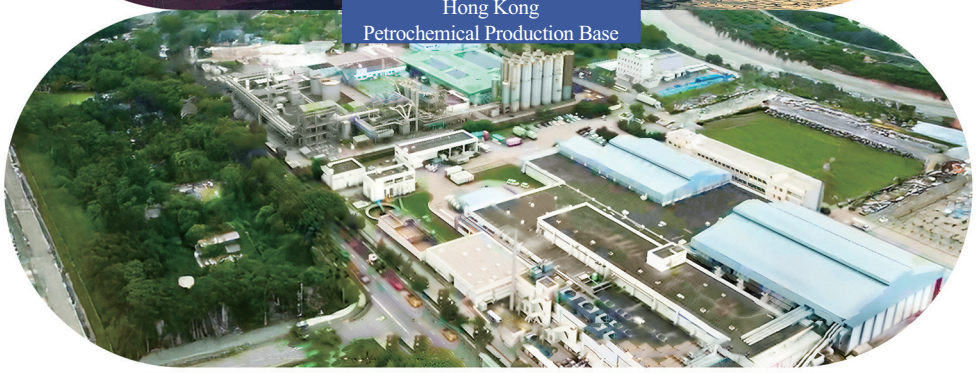


Shandong Heze Production Base



Zhejiang Zhoushan Production Base





Hong Kong
Petrochemical Production Base



Inner Mongolia Baotou
Production Base



Yiqing Production Base
in Qingdao, Shandong

Production Capacity and Utilization Rate

The following table sets out our production capacity and the utilization rate of the chemicals segment:

	FY2022			FY2023			FY2024			10MFY2025		
	Production capacity	Actual production volume	Annual utilization rate	Production capacity	Actual production volume	Annual utilization rate	Production capacity	Actual production volume	Annual utilization rate	Production capacity	Actual production volume	Utilization rate for the period
	('000 tonnes)	*('000 tonnes)*	*(%)*	*('000 tonnes)*	*('000 tonnes)*	*(%)*	*('000 tonnes)*	*('000 tonnes)*	*(%)*	*('000 tonnes)*	*('000 tonnes)*	*(%)*
Chemicals												
Green petrochemical materials	300.0	138.8	46.3	900.0	391.2	43.5	1,000.0	453.8	45.4	880.0	510.0	58.0
Organic polymer modified materials	685.0	659.6	96.3	1,080.0	1,009.0	93.4	1,200.0	1,054.3	87.9	1,010.0	996.5	98.7
Organic polymer composite materials	185.0	174.4	94.3	400.0	288.9	72.2	600.0	344.9	57.5	550.0	398.0	72.4

The following table sets out our production capacity and the utilization rate of the health and wellness segment:

	FY2022			FY2023			FY2024			10MFY2025		
	Production capacity	Actual production volume	Annual utilization rate	Production capacity	Actual production volume	Annual utilization rate	Production capacity	Actual production volume	Annual utilization rate	Production capacity	Actual production volume	Utilization rate for the period
	(tonnes/ hundred million pcs)	*(tonnes/ hundred million pcs)*	*%*	*(tonnes/ hundred million pcs)*	*(tonnes/ hundred million pcs)*	*%*	*(tonnes/ hundred million pcs)*	*(tonnes/ hundred million pcs)*	*%*	*(tonnes/ hundred million pcs)*	*(tonnes/ hundred million pcs)*	*%*
Gelatin and Collagen Peptides *(tonnes)*	17,150.0	11,549.4	67.3	17,280.0	10,383.7	60.1	17,280.0	10,072.5	58.3	14,400.0	7,944.1	55.2
Empty Capsules *(hundred million pcs)*	247.5	232.0	93.7	247.5	241.6	97.6	360.0	304.4	84.6	331.3	273.6	82.6

Notes:

1. Production capacity of the year/period is calculated based on the designed daily production rate of production lines, operating 350 days a year (or 292 days for 10MFY2025).

2. The actual production during the year/period is the total volume of the products manufactured during that year/period.

3. The utilization rate equals to the actual production volume divided by the production capacity during the same year/period.

For the green petrochemical materials segment, between FY2022 and FY2024, the production capacity increased by 233.3% due to the acquisition of additional equipment and the actual production volume increased by 226.9% due to the increase in sales. As the increase in production capacity slightly outpaced the increase in actual production volume, the utilisation rate of the same period decreased slightly. In 10MFY2025, as we gradually absorb the new production capacity, the utilization rate grew to 58.0%.

For the organic polymer modified materials segment, between FY2022 and FY2024, the production capacity increased by 75.2% due to the acquisition of additional equipment and the actual production volume increased by 59.8% due to the increase in sales. As the increase in production capacity slightly outpaced the increase in actual production volume, the utilisation rate of the same period decreased slightly. In 10MFY2025, as we gradually absorb the new production capacity, the utilization rate went back up to 98.7%.

For the organic polymer composite materials segment, between FY2022 and FY2024, the production capacity increased significantly by 224.3% due to the acquisition of additional equipment and the actual production volume increased by 97.8% due to the increase in sales. As the increase in production capacity outpaced the increase in actual production volume, the utilisation rate of the same period decreased. In 10MFY2025, as we gradually absorb the new production capacity, the utilization rate grew slightly to 72.4%.

For the gelatin and collagen peptides segment, the production capacity remained stable throughout the Track Record Period. Due to heightened market competition in the gelatin-related markets which led to lower demand and decrease in sales, actual production volume decreased in the same period, as a result, utilization rate decreased.

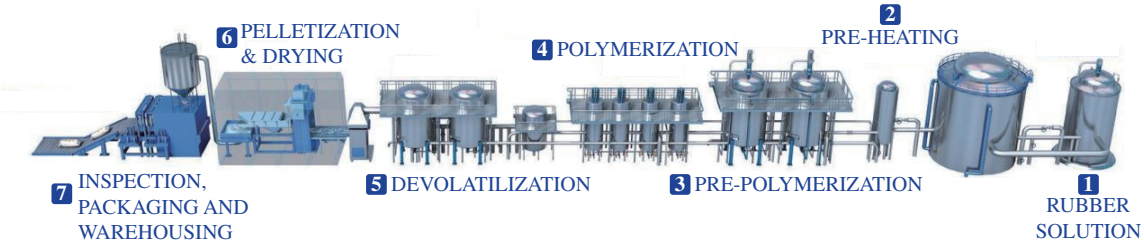
For the empty capsules segment, between FY2022 and FY2024, the production capacity increased by 45.5% due to the acquisition of additional equipment and the actual production volume increased by 31.2% due to the increase in sales. As the increase in production capacity outpaced the increase in actual production volume, the utilisation rate of the same period slightly decreased. As we continued to expand our production capacity in 10MFY2025, such decreasing trend continued and the utilization rate declined slightly to 82.6% in 10MFY2025.

Production Processes

Chemicals segment

Green petrochemical materials — Polystyrene

The flow chart below illustrates critical technical processes of production of polystyrene, which is one of the most widely used green petrochemical materials:



The process includes the following key steps:

1. Rubber solution: The rubber solution process involves shredding block rubber and dissolving it in styrene to enhance the toughness and glossiness of the polystyrene.

2. Pre-heating: After mixing the rubber solution with additional styrene and recycled liquid according to specific proportion, the mixture is heated to a specific temperature via a shell-and-tube heat exchanger and then delivered to the pre-polymerization reactor.

3. Pre-polymerization: This is the first-stage polymerization reaction. During this stage, molecular weight and its distribution are controlled by adjusting temperature, initiator dosage, ethylbenzene ratio and material level to meet different product specifications.

4. Polymerization: This is the second- and the main-stage polymerization. During this stage product viscosity, solid content and melt index are regulated through precise control of temperature, agitation speed, residence time and pressure.

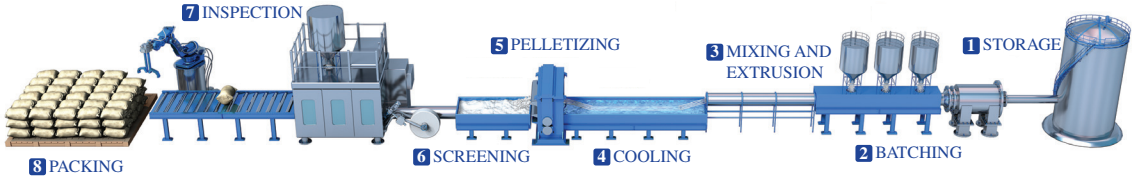
5. Devolatilization: The steps involves a preheater and two devolatilizers. Using the preheater, we perform flash evaporation to separate molten polystyrene from unreacted styrene and ethylbenzene monomers. Semi-finished products will then go through the primary devolatilizer which removes volatilized styrene and ethylbenzene under vacuum; and then the secondary devolatilizer which eliminates dimers, trimers and other oligomers to produce low residual monomer products.

6. Pelletization and drying: Molten polystyrene is pumped through an external gear pump to a strand die, to become strands, which will then go through underwater cutting with spray water, overflow water and conveying water. Pellets are then dried in a centrifugal dryer to reach 99.9% dryness.

7. Inspection, packaging, and warehousing: The next step is inspection and testing. Afterwards, the finished product in the packaging silo is gravity-fed through chutes into automatic film packaging machines or bagging machines for packaging. Packaged products will be sent to warehouse.

Organic polymer modified materials

The flowchart below illustrates critical technical processes of production of organic polymer modified materials:



The process includes the following key steps:

1. Storage and Pre-treatment: This is the stage where raw materials go through pre-treatment includes matrix resin drying, pneumatic conveying and modifier pre-dispersion treatment before feeding.

2. Batching: After feeding the pre-treated matrix resin, the process utilizes vector-weight measurement and multi-component dynamic pre-mixing technology for accurate formulation.

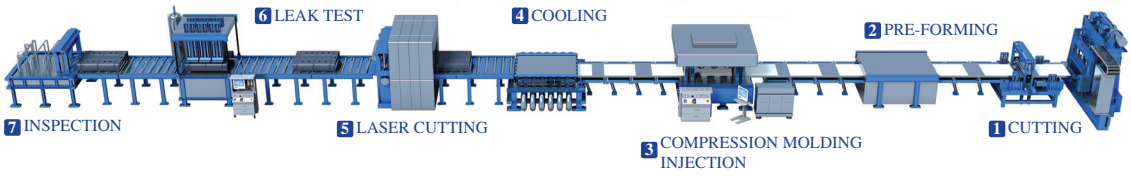
3. Mixing and Extrusion: With twin-screw extruder and segmented temperature control, polymer matrix is mixed and blended to achieve both physical and chemical reactions as well as modification.

4-6. Post-processing: Modified materials will then undergo post-processing stages including air-water hybrid cooling, high-speed pelletizing and particle size screening.

7-8. Inspection and Packing: Finished products are tested for appearance and physicochemical properties. After meeting customer-specific standards, they are packaged via VOCs pneumatic circulation packaging lines and humidity interlock control units on fully automated packaging conveyor systems. The packaged products are then sent to warehouses.

Organic polymer composite materials

The flowchart below illustrates critical technical processes of production of organic polymer composite materials:



The process includes the following key steps:

1. Cutting: This is the first stage of the process which involves selecting fiber reinforcement materials of appropriate specifications and cut them into the designed dimensions using a high-precision cutting machine.

2. Pre-forming: After cutting, fiber reinforcement materials will be fed into an automated preforming production line to create a three-dimensional fiber-reinforced preform.

3. Compression molding injection: Preforms will then be placed into a mold installed on a forming press which will then be vacuumed to the desired vacuum level. Resin will then be injected into the mold cavity and compressed under high pressure and high temperature until it cures.

4. Cooling: After curing, formed products will be removed from the mold and placed into a custom cooling fixture for shaping.

5. Laser cutting: Once shaping is complete, semi-finished materials will be transferred to a focused laser beam which melts and vaporizes materials for cutting or shaping.

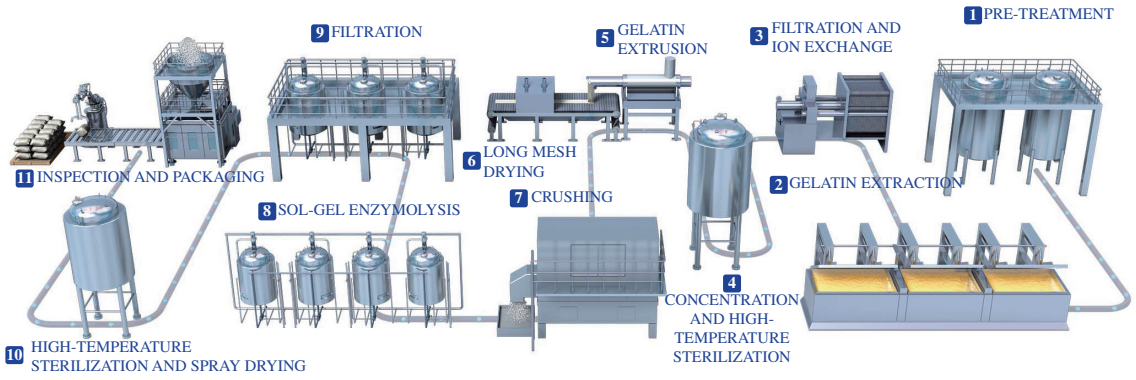
6. Leak testing: Leak testing will then be performed to test leak resistance performance and to ensure the desired air tightness is achieved.

7. Inspection, Packaging and Warehousing: Finally, organic polymer composite materials will go through inspection processes, including visual inspection and will be packaged for storage and and warehousing.

Health and Wellness Segment

Gelatin and Collagen peptides products

The flowchart below illustrates critical technical processes of production of gelatin and collagen peptides products:



The process includes the following key steps:

1. Pre-treatment: Bone particles undergo comprehensive treatment under varying pH conditions to achieve demineralization, unwinding, and moderate degradation.

2. Gelatin Extraction: Bone extract will then be loaded into the gelatin extraction equipment for extraction of gelatin solution.

3. Filtration and Ion Exchange: Gelatin solution will then go through three-stage filtration during which non-collagen impurities will be removed, enhancing its purity.

4. Concentration and High-temperature Sterilization: To increase concentration, pure gelatin solution will then go through ultrafiltration membranes and evaporation, followed by ultra-high temperature instant sterilization before sending it to the gelatin extrusion process.

5. Gelatin Extrusion: During this stage, we cool and extrude the concentrated gelatin solution to form gelatin strips.

6. Long Mesh Drying: Gelatin strips will then be transferred to a closed and clean drying system for drying.

7. Crushing: Dried gelatin strips will then be crushed into granular gelatin products.

Collagen peptides products — Collagen Peptides is made from gelatin. To extract collagen peptides from gelatin, our gelatin products undergoes a series of processing steps as follows and finally become small molecule collagen peptides.

8. Sol-gel Enzymolysis: Gelatin products serve as raw materials for producing collagen peptides. After dissolving the gelatin, biological enzymes are added for enzymatic hydrolysis, breaking the gelatin down into smaller molecules.

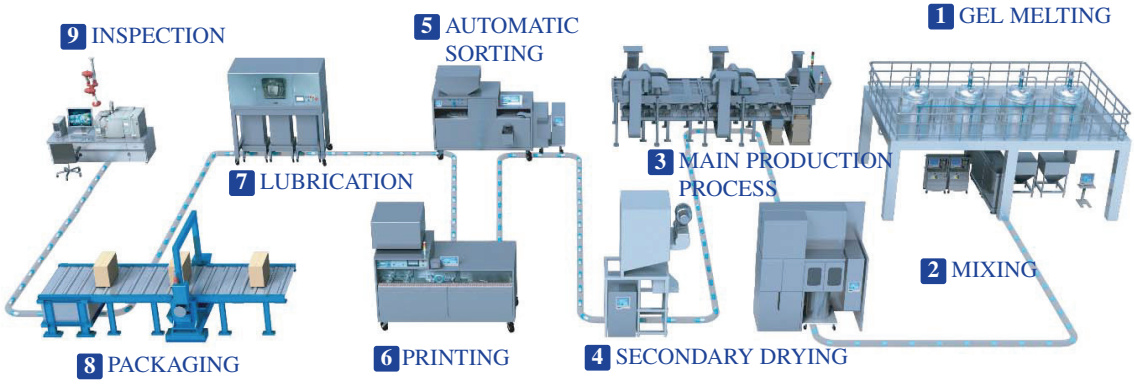
9. Filtration: Then, impurities are removed from the collagen peptides solution through adsorption and filtration.

10. High-temperature Sterilization and Spray Drying: Collagen materials will then be transferred to ultra-high temperature instant sterilization, followed by spray drying.

11. Inspection and Packaging: The spray-dried collagen peptides will then go through inspection and will be packaged for delivery.

Empty Capsules

The flowchart below illustrates critical technical processes of production of empty capsules:



The process includes the following key steps:

1.& 2. Gel melting and Mixing: The process starts with measuring raw materials and excipients and feed them into a gel-melting system where they are thoroughly mixed and dissolved with purified water to form a homogeneous gelatin solution. We then adjust the viscosity based on customers' requirements and add colorants according to customer specifications to prepare a tailored gelatin solution.

3. Main production process: After the solution is stabilized, it is transferred to a fully automatic capsule production machine. The capsules are formed through dipping, drying, demolding, trimming, and joining to produce empty capsule shells.

4. Secondary drying: The capsules undergo secondary drying to ensure the moisture content of the empty capsules will the requirements for usage and storage.

5. & 6. Automatic sorting and printing: This next step is inspection with automatic capsule sorting machine which sort out defective capsules. If there is no printing requirement, the capsules are directly transferred to the lubrication process. If printing is required, the capsules will pass through a fully automatic capsule printing machine which print contents on their surface. After printing, the capsules will undergo another inspection by the sorting machine to eliminate any capsules with printing errors.

7. & 8. Lubrication & Packaging: The capsules will be thoroughly mixed with the lubricant and then be packaged for storage.

9. Pre-delivery testing: The empty capsules will be tested according to relevant national standards before delivery.

OUR CUSTOMERS

For our chemicals segment, our customers include manufacturers from various downstream industries and supply chain solution providers of downstream manufacturers. For each year/period during the Track Record Period, nearly half of our revenue of the chemicals segment was generated from customers serving home appliances sector while a significant portion came from automobiles sector (which encompasses electric vehicles sector) and consumer electronics, optical displays and telecommunication sector. During the Track Record Period, revenue contribution from the new energy sector demonstrated an increasing trend.

For our health and wellness segment, our customers mainly include medical and pharmaceutical manufacturers who use our products as raw materials for their production of downstream products. For each year/period during the Track Record Period, a substantial portion of our revenue of the health and wellness segment came from the medical and pharmaceutical sector while the remaining portion came from food and supplements and other sectors. We also manufacture and sell collagen peptides-based products under our own brands to end consumers on third-party e-commerce platforms, which represented approximately 0.1% of our total revenue during the Track Record Period.

Given the facts that (i) sizable customers of our Group operates in different industries and use our Group's products in multiple disciplines; (ii) there are customers who are supply chain solutions providers which procure our Group's products for manufacturers in multiple downstream industries, a revenue breakdown by downstream industries of end customers is not available.

During the Track Record Period, we had a stable customer base. As at each year/period end during the Track Record Period, the number of our customers remained stable at around 4,000. In particular, number of existing customers (i.e. customers who had been customers in the immediately preceding year) during each year/period maintained stable at around 3,000.

For FY2022, FY2023, FY2024 and 10MFY2025, the majority of our revenue came from domestic sales in the PRC with 1.4%, 0.9%, 1.6% and 1.4% of our total revenue generated from overseas sales, respectively mainly include Asia (mainly from Vietnam, Korea, and Singapore and excluding Mainland China), North America and South America (mainly from Mexico and the U.S.). During the Track Record Period, our overseas sales were not materially affected by any trade restrictions or tariffs, in particular, those imposed by the U.S., considering our limited sales to overseas markets during the Track Record Period.

Going forward, given that we were not materially affected by any export sanctions or tariffs during the Track Record Period, including 10MFY2025 during which global trade tension had escalated as demonstrated by our solid financial performance, at present, our Directors are of the view that trade restriction and tariff imposed by the U.S. is not expected to have a material impact on our business in the foreseeable future. However, in the event that trade restriction and tariff imposed by the U.S. further heightened, or that the global economy is adversely affected by trade measures taken by the U.S., our business, financial condition and results of operation may be adversely and materially affected. Please see "Risk Factors — Our business is subject to legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions.". Taking into account (i) the Group derived most of its revenue from domestic customers in the PRC; (ii) the proportion of revenue derived from the U.S. market was immaterial; and (iii) the fact that there was no significant fluctuations in the revenue of the Group during the Track Record Period, nothing has come to the Sole Sponsor's attention that would cause it to cast doubt on the Directors' view on the Group's exposure to trade restrictions and tariff during the Track Record Period and going forward.

Agreements with Customers

We generally enter into framework sales agreements with major customers, pursuant to which customers will subsequently place specific purchase orders with us. Our framework sales agreements typically contain the following key terms:

Term:	:	Generally, the term of the agreement is one year, automatically renewed for another term if no advance notification for termination is served
Minimum purchase commitment	:	Generally, there is no minimum purchase commitment imposed on our major customers

Price	:	Prices will generally be set out in separate purchase orders to be agreed by both parties
Specification	:	In generally, major technical parameters and industry standards are set out in the framework agreements. Further specifications may also be set out in the separate purchase orders to be agreed by both parties
Delivery	:	Delivery time and method will generally be set out in separate purchase orders to be agreed by both parties
Payment and Credit term	:	We assess applicable payment terms based on our customers' creditworthiness. We generally grant a credit period up to 90 days to our major customers. Payments are usually made by bank transfers or banker's acceptances.

For customers with no framework agreement, we enter into purchase order with them. Typical terms include specifications of our products, prices, payment method and schedule, packaging and logistics requirements, product inspection and acceptance procedures.

Top Five Customers for each year/period during the Track Record Period

During the Track Record Period, we have maintained stable and long-term business relationships with our major customers. Revenue from our top five customers in FY2022, FY2023, FY2024 and 10MFY2025, in aggregate, amounted to RMB5,485.4 million, RMB4,476.3 million, RMB4,487.1 million and RMB4,254.9 million, which accounted for 40.9%, 25.7%, 23.3% and 24.4%, respectively, of our total revenue of the corresponding year/period. Revenue from our single largest customer amounted to RMB2,161.1 million, RMB1,052.6 million, RMB1,115.2 million and RMB1,014.0 million for FY2022, FY2023, FY2024 and 10MFY2025, representing 16.1%, 6.0%, 5.8% and 5.8% of our total revenue respectively during the corresponding year/period.

Based on each customer's creditworthiness and our cooperation history, we determine settlement method for customers which may be sales on credit, cash payment on delivery and advance payment. For key and strategic customers and customers with sound credit status, generally, we may offer credit period up to 90 days. Our customers mainly settle payments through bank transfers or banker's acceptances.

The following tables set out background and transaction details of our top five customers for each year/period during the Track Record Period:

FY2022

Name of customer	Background of customer	Revenue	Percentage of total revenue	Principal products sold by us	Year in which business relationship commenced
		RMB'000	*%*		
Customer A	Listed in Shenzhen Stock Exchange, a company primarily engaged in the manufacturing of consumer electronics semiconductor products	2,161,117 *(Note)*	16.1	Organic polymer modified materials and organic polymer composite materials	2018
Customer B	Incorporated in the PRC, a state-owned enterprise engaged in various sectors including new energy and mining	968,417 *(Note)*	7.2	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2018
Customer C	Incorporated in the PRC, a company primarily engaged in the manufacturing, wholesale and sales of plastic and rubber products	830,488	6.2	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2020
Customer D	A company listed in different stock exchanges including the Shenzhen Stock Exchange which is engaged in multiple sectors including major appliances with multimedia capabilities and electronics, and which owns numerous well-known brands	773,651 *(Note)*	5.8	Organic polymer modified materials and organic polymer composite materials	2004
Customer E	Incorporated in the PRC, a state-owned enterprise primarily engaged in the manufacturing and sales of recycled plastic materials and plastic products	751,769 *(Note)*	5.6	Organic polymer modified materials and organic polymer composite materials	2018
	Total	**5,485,442**	**40.9**		

Note: The indicated revenue represented aggregated revenue contributed by the relevant customer and its affiliates.

FY2023

Name of customer	Background of customer	Revenue	Percentage of total revenue	Principal products sold by us	Year in which business relationship commenced
		RMB'000	%		
Customer D	A company listed in different stock exchanges including the Shenzhen Stock Exchange which is engaged in multiple sectors including major appliances with multimedia capabilities and electronics, and which owns numerous well-known brands	1,052,570 *(Note)*	6.0	Organic polymer modified materials and organic polymer composite materials	2004
Customer B	Incorporated in the PRC, a state-owned enterprise engaged in various sectors including new energy and mining	1,017,165 *(Note)*	5.8	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2018
Customer E	Incorporated in the PRC, a state-owned enterprise primarily engaged in the manufacturing and sales of recycled plastic materials and plastic products	899,161 *(Note)*	5.2	Organic polymer modified materials and organic polymer composite materials	2018
Customer F	Incorporated in the PRC, a company primarily engaged in the manufacturing of synthetic materials	891,714	5.1	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2020
Customer G	Incorporated in the PRC, a state-owned enterprise primarily engaged in the manufacturing and wholesale of plastic materials and rubber products	615,711 *(Note)*	3.5	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2019
	Total	**4,476,322**	**25.7**		

Note: The indicated revenue represented aggregated revenue contributed by the relevant customer and its affiliates.

FY2024

Name of customer	Background of customer	Revenue	Percentage of total revenue	Principal products sold by us	Year in which business relationship commenced
		RMB'000	*%*		
Customer D	A company listed in different stock exchanges including the Shenzhen Stock Exchange which is engaged in multiple sectors including major appliances with multimedia capabilities and electronics, and which owns numerous well-known brands	1,115,161 *(Note)*	5.8	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2004
Customer B	Incorporated in the PRC, a state-owned enterprise, which is engaged in various sectors including new energy and mining	1,105,296 *(Note)*	5.8	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2018
Customer H	Incorporated in the PRC, a company primarily engaged in the wholesale of chemical industry products	844,346	4.4	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2018
Customer E	Incorporated in the PRC, a state-owned enterprise primarily engaged in the manufacturing and sales of recycled plastic materials and plastic products	712,044 *(Note)*	3.7	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2018
Customer F	Incorporated in the PRC, a company primarily engaged in the manufacturing of synthetic materials	710,301	3.7	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2020
	Total	**4,487,148**	**23.3**		

Note: The indicated revenue represented aggregated revenue contributed by the relevant customer and its affiliates.

10M2025

Name of customer	Background of customer	Revenue	Percentage of total revenue	Principal products sold by us	Year in which business relationship commenced
		RMB'000	*%*		
Customer D	A company listed in different stock exchanges including the Shenzhen Stock Exchange which is engaged in multiple sectors including major appliances with multimedia capabilities and electronics, and which owns numerous well-known brands	1,013,981	5.8	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2004
Customer B	Incorporated in the PRC, a state-owned enterprise, which is engaged in various sectors including new energy and mining	854,110	4.9	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2018
Customer E	Incorporated in the PRC, a state-owned enterprise primarily engaged in the manufacturing and sales of recycled plastic materials and plastic products	817,719	4.7	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2018
Customer H	Incorporated in the PRC, a company primarily engaged in the wholesale of chemical industry products	802,129	4.6	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2018
Customer F	Incorporated in the PRC, a company primarily engaged in the manufacturing of synthetic materials	766,951	4.4	Organic polymer modified materials, organic polymer composite materials and green petrochemical materials	2020
	Total	**4,254,890**	**24.4**		

Note: The indicated revenue represented aggregated revenue contributed by the relevant customer and its affiliates.

As of the Latest Practicable Date, we were not aware of any arrangements or incidents which would lead to cessation or termination of our relationships with any of our top five customers in each year/period during the Track Record Period. None of our Directors, their close associates or any Shareholders, to the best knowledge and belief of our Directors, who owned more than 5% of our share capital as at the Latest Practicable Date, had any interest in any of our top five customers in each year/period during the Track Record Period.

OUR SUPPLIERS

Raw Materials Procurement and Suppliers Management

The principal raw materials used for our chemicals production is resins; and bone pellets for our health and wellness products production. We procure the majority of our raw materials from local suppliers in the PRC. Raw materials cost accounted for approximately 93.3%, 91.1%, 90.8% and 91.1% of our total cost of sales during the Track Record Period. We did not encounter any significant delays or shortages in the supply of our raw materials during the Track Record Period. As at the Latest Practicable Date, we have not entered into any hedging arrangement to mitigate our exposure to the fluctuations in the cost of raw materials.

We adopt different procurement models based on business segments and types of raw materials.

For bulk raw materials and auxiliary materials for the chemicals segment, we adopt a centralized procurement model. Our Supply Chain Center formulates an overall procurement plan based on the demands submitted by each subsidiary and department, and conducts unified procurement after approval by the management. The Quality Management Center inspects raw materials purchased and raw materials will be sent to our warehouses upon passing inspection. We have established the Procurement Management System (《採購管理制度》), Supplier Management System (《供應商管理制度》), and Procurement Management Internal Control Operational Process Manual (《採購管理內控操作流程手冊》), which provide detailed guidance on screening, assessment and review of suppliers' qualification and capabilities as well as our procurement processes.

For the raw materials and auxiliary materials for the health and wellness segment, centralized procurement is made by a separate procurement department based on production plans. Before storage, the quality management department conducts strict inspections on each batch of incoming materials in accordance with our quality management system. To ensure product quality, we only accept materials that satisfy our inspection requirements for production. We have established a comprehensive supply chain system and management policies which set out strict standards for incoming materials, supplier selection, and incoming inspection to guarantee quality and smooth operation of the supply chain. The procurement department and quality management departments are also responsible for the screening, review, evaluation of suppliers, ensuring that their product quality, ability to deliver, service, reputation, and other aspects meet our requirements.

Agreements with Suppliers

We do not have any long-term purchase commitment with our suppliers. We normally enter into purchase orders with our suppliers, which will specify the type of raw materials, specifications, quantity, terms of delivery, credit period and payment methods for each purchases. Depending on the type of raw materials we procured, we may be required to make the payment in advance, or granted a credit term.

For suppliers with whom we have long term relationship, we may enter into framework agreements with them with no purchase commitment. Key terms in the framework agreements with our suppliers typically include:

Term	:	Generally, the term of the agreement is one year, which may be automatically renewed for another term if no advance notification for termination is served for certain framework agreements
Specifications and quality requirements	:	Suppliers shall follow specific specifications and quality standards set out in the separate purchase orders to be agreed by both parties
Price	:	Prices shall be set out in separate purchase orders which shall be agreed by both parties
Payment and credit terms	:	Depending on the type of raw materials we procured and negotiation with our suppliers, we may be required to make the payment in advance, or granted a credit term
Others	:	Generally, framework agreements also include other terms such as delivery methods and inspection procedures

For suppliers with no framework agreement, we enter into purchase orders with them. Typical terms include specifications of our products, prices, payment method and schedule, packaging and logistics requirements, product inspection and acceptance procedures.

Top 5 Suppliers for each year/period during the Track Record Period

During the Track Record Period, we have maintained stable and long-term business relationships with our major suppliers. Purchases from our top five suppliers in FY2022, FY2023, FY2024 and 10MFY2025 amounted to RMB5,052.3 million, RMB5,642.3 million, RMB6,145.5 million and RMB3,769.5 million, which accounted for 42.5%, 35.3%, 35.5% and 23.7%, respectively, of our total purchases of the corresponding year/period. Purchases from our single largest supplier amounted to RMB1,882.5 million, RMB2,170.5 million, RMB1,868.3 million and RMB1,047.3 million for FY2022, FY2023, FY2024 and 10MFY2025, representing 15.8%, 13.6%, 10.8% and 6.6% of our total purchases respectively during the corresponding year/period.

Depending on type of supplier and raw material as well as cooperation history, we have different settlement methods with our suppliers may be sales on credit, cash payment on delivery and advance payment. Generally, suppliers with whom we have established long term relationship may grant us credit period up to 90 days. We generally settle payments through bank transfers or banker's acceptances.

During the Track Record Period, our suppliers were generally raw material suppliers. The following tables set forth background and transaction details of our top five suppliers in each year/period during the Track Record Period:

FY2022

Name of supplier	Background of supplier	Purchase amount	Approximate percentage to our total purchase for the year	Principal products provided	Year in which business relationship commenced
		RMB'000	*%*		
Supplier A	A company listed on the Hong Kong Stock Exchange, engaged in a variety of sectors, including the operation of a B2B trading platform matrix for chemical plastics, steel, and energy	1,882,494 *(Note)*	15.8	Raw materials, including resins	2021
Supplier B	Incorporated in the PRC, a company primarily engaged in supply chain management services in the petrochemical industry	1,523,916	12.8	Raw materials, including resins	2020

Name of supplier	Background of supplier	Purchase amount	Approximate percentage to our total purchase for the year	Principal products provided	Year in which business relationship commenced
		RMB'000	*%*		
Supplier C	Incorporated in the PRC, a company engaged in the wholesale of chemical raw materials	789,833	6.6	Raw materials, including resins	2020
Supplier D*(Note)*	Incorporated in the PRC, a company engaged in technology services and sales of biomaterials	504,081	4.2	Raw materials, including resins	2021
Supplier E	Incorporated in the PRC, a company primarily engaged in the research and development of new materials and the sales of petroleum materials	351,939	3.0	Raw materials, including resins	2021
	Total	**5,052,263**	**42.5**		

Note: The indicated purchase represented aggregated purchase made with the relevant supplier and its affiliates.

FY2023

Name of supplier	Background of supplier	Purchase amount	Approximate percentage to our total purchase for the year	Principal products provided	Year in which business relationship commenced
		RMB'000	*%*		
Supplier A	A company listed on the Hong Kong Stock Exchange, engaged in a variety of sectors, including the operation of a B2B trading platform matrix for chemical plastics, steel, and energy	2,170,472 *(Note)*	13.6	Raw materials, including resins	2021

Name of supplier	Background of supplier	Purchase amount	Approximate percentage to our total purchase for the year	Principal products provided	Year in which business relationship commenced
		RMB'000	*%*		
Supplier B	Incorporated in the PRC, a company primarily engaged in supply chain management services in the petrochemical industry	1,007,603	6.3	Raw materials, including resins	2020
Supplier F	A non-wholly-owned subsidiary of a company listed on the Shenzhen Stock Exchange, primarily engaged in chemical processing through refineries and petrochemical plants	969,764	6.1	Styrene monomer	2022
Supplier G	A state-owned enterprise primarily engaged in supply chain wholesale services, and the wholesale and sales of materials	871,167	5.4	Raw materials, including resins	2023
Supplier H	Incorporated in the PRC, a company engaged in sales of petroleum products	623,308	3.9	Raw materials, including resins	2021
	Total	**5,642,314**	**35.3**		

Note: The indicated purchase represented aggregated purchase made with the relevant supplier and its affiliates.

FY2024

Name of supplier	Background of supplier	Purchase amount	Approximate percentage to our total purchase for the year	Principal products provided	Year in which business relationship commenced
		RMB'000	%		
Supplier A	A company listed on the Hong Kong Stock Exchange, engaged in a variety of sectors, including the operation of a B2B trading platform matrix for chemical plastics, steel, and energy	1,868,289 *(Note)*	10.8	Raw materials, including resins	2021
Supplier G	A state-owned enterprise primarily engaged in supply chain wholesale services, and the wholesale and sales of materials	1,570,911	9.1	Raw materials, including resins	2023
Supplier F	A non-wholly-owned subsidiary of a company listed on the Shenzhen Stock Exchange, primarily engaged in chemical processing through refineries and petrochemical plants	1,248,905	7.2	Styrene monomer	2022
Supplier I	Incorporated in the PRC, a company engaged in sales of petroleum products and chemical industry materials	748,744	4.3	Raw materials, including resins	2023
Supplier H	Incorporated in the PRC, a company engaged in sales of petroleum products	708,673	4.1	Raw materials, including resins	2021
	Total	**6,145,523**	**35.5**		

Note: The indicated purchase represented aggregated purchase made with the relevant supplier and its affiliates.

10MFY2025

Name of supplier	Background of supplier	Purchase amount	Approximate percentage to our total purchase for the period	Principal products provided	Year in which business relationship commenced
		RMB'000	*%*		
Supplier J	Incorporated in the PRC, a large state-owned conglomerate. Its subsidiaries include the largest oil and gas producer and seller occupying a leading position in the oil and gas industry in the PRC which is also one of the largest oil companies in the world	1,047,326	6.6%	Raw materials, including resins	2009
Supplier G	A state-owned enterprise primarily engaged in supply chain wholesale services, and the wholesale and sales of materials	910,134	5.7%	Raw materials, including resins	2023
Supplier H	Incorporated in the PRC, a company engaged in sales of petroleum products	679,822	4.3%	Raw materials, including resins	2021
Supplier F	A non-wholly-owned subsidiary of a company listed on the Shenzhen Stock Exchange, primarily engaged in chemical processing through refineries and petrochemical plants	572,513	3.6%	Styrene monomer	2022
Supplier A	A company listed on the Hong Kong Stock Exchange, engaged in a variety of sectors, including the operation of a B2B trading platform matrix for chemical plastics, steel, and energy	559,707	3.5%	Raw materials, including resins	2021
	Total	**3,769,502**	**23.7%**		

Note: The indicated purchase represented aggregated purchase made with the relevant supplier and its affiliates.

During the Track Record Period, we did not experience any material delay, supply shortages or disruptions in our operations relating to our suppliers, or any material product claims attributable to our suppliers. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owned more than 5% of the number of issued shares of us, had any interest in any of our top five suppliers in each year/period during the Track Record Period.

Overlapping Top 5 Customers and Suppliers

During the Track Record Period, one of our top five customers, Customer D, was also our supplier. During the Track Record Period, Customer D purchased green petrochemical materials, organic polymer modified materials as well as organic polymer composite materials from us whereas we purchased raw materials such as resins from them. Apart from Customer D, there were also other overlapping customers/suppliers who were not our top five customers/suppliers in any year/period during the Track Record Period (together with Customer D, "Overlapping Customers/ Suppliers"). We entered into such arrangement to provide better quality assurance and more consistent supply to Overlapping Customers/Suppliers. According to F&S, it is common for large domestic home appliance enterprises, such as Customer D, to purchase raw materials and resell to its suppliers for better control over supply chain stability, quality and cost control. Below are the details of our transactions with (i) Customer D and (ii) Overlapping Customers/Suppliers (on an aggregate basis) during the Track Record Period:

FY2022

	Revenue	% of total revenue	Purchase	% of total purchase
	RMB'000	*%*	*RMB'000*	*%*
Customer D	773,651	5.8	266,378	2.2
All Overlapping Customers/Suppliers	1,110,193	8.3	855,948	7.2

FY2023

	Revenue	% of total revenue	Purchase	% of total purchase
	RMB'000	*%*	*RMB'000*	*%*
Customer D	1,052,570	6.0	377,678	2.4
All Overlapping Customers/Suppliers	1,820,257	10.4	719,449	4.5

FY2024

	Revenue	% of total revenue	Purchase	% of total purchase
	RMB'000	*%*	*RMB'000*	*%*
Customer D	1,115,161	5.8	389,138	2.2
All Overlapping Customers/Suppliers	1,804,224	9.4	681,468	3.9

10MFY2025

	Revenue	% of total revenue	Purchase	% of total purchase
	RMB'000	*%*	*RMB'000*	*%*
Customer D	1,013,981	5.8	262,094	1.7
All Overlapping Customers/Suppliers	1,938,113	11.1	635,156	4.0

All of our sales to and purchases from all Overlapping Customers/Suppliers were conducted in the ordinary course of business under normal commercial terms and at arm's length basis.

COMPETITIVE LANDSCAPE

China's green petrochemical industry exhibits a classic market structure of high concentration at the top with a long tail of fragmented smaller players. The market is dominated by state-owned giants which leverage their trillion-yuan revenue scale and fully integrated chains — from upstream oil and gas to refining and chemicals — to maintain a leading position. Meanwhile, ultra-large private integrated refining complexes, have also become significant forces in the upper market segment due to their massive production capacities. Together, these players form a highly concentrated apex of the industry. In 2024, the combined revenue of these top five enterprises exceeded RMB7,900 billion, accounting for over 44.0% of the total market.

In the polymer materials industry, since organic polymer modified materials and organic polymer composite materials share similar downstream customer sectors and application scenarios, the industry typically consolidates them under unified discussions. In relation to china's organic polymer-modified materials and organic polymer composite materials market, the competitive landscape is relatively fragmented, with a large number of small and medium-sized enterprises engaged in intense homogeneous competition in the low-end product segment. However, large private enterprises are driving industry consolidation through mergers and acquisitions, continuously expanding into niche segments through operational flexibility and innovation capabilities, thereby propelling the industry toward high-end and differentiated development. China's organic polymer modified material and organic polymer composite materials market exhibits relatively low concentration, with leading upstream polymer enterprises having partial production capacity in this segment. Based on 2024 revenue, Top 5 players collectively hold 10.6% market share; and our modification and composite materials segments generated RMB13.5 billion revenue, accounting for 2.5% of China's market and ranked as China's second-largest producer by revenue.

In relation to the health and wellness segment, the competitive landscape of bone gelatin is relatively concentrated. In the early stage of industry development, the high-end segment of China's bone gelatin market was mainly dominated by foreign manufacturers. However, with continuous technological advancements, Chinese bone gelatin producers have gradually gained competitiveness and become the mainstream players, taking a leading position in the market. For empty capsules market, the accelerated progress of pharmaceutical localization in China has driven the transition of empty capsule production from foreign manufacturers to domestic enterprises. Meanwhile, Chinese companies have further strengthened their competitiveness in the global market through the export of capsules. Based on 2024 revenue, our revenue of empty capsules reached RMB0.37 billion, holding 6.9% share of China's market and ranked as the fourth largest producer of empty capsules manufacturing enterprise.

For detailed analysis of the different industries in which our Group operates, please see "Industry Overview".

RESEARCH AND DEVELOPMENT

We attach great importance to our R&D team and capabilities. We have set up our Enterprise Technology Centre to manage and execute our Group's R&D initiatives. Our Enterprise Technology Centre was recognized as a "National Enterprise Technology Centre" (國家企業技術中心) by the National Development and Reform Commission in 2021. We have established an R&D management platform with this center as the core, while continuously integrating and enhancing the development of key research facilities including our other national-level laboratories and our Shandong Province's Advanced Polymer and Composite Materials Manufacturing Innovation Center. Currently, we have progressively grown into one of China's most influential high-tech industrial bases for new technologies, processes, and materials.

Furthermore, we collaborate with renowned domestic research institutes on joint R&D initiatives to develop critical material technologies. This has enabled us to build a structured, functionally complementary comprehensive R&D system.

As at the Latest Practicable Date, our Group has 10 subsidiaries recognized as high-tech enterprises and have obtained 513 patents, 20 software copyrights, and participated in the formulation of 16 national standards, 19 association standards, and four industry standards. Additionally, we were awarded the "Champion Manufacturing Enterprise in Shandong Province" (山東省製造業單項冠軍企業), "Shandong Provincial Technology Innovation Demonstration Enterprise" (山東省技術創新示範企業), and "Inner Mongolia Autonomous Region Champion Manufacturing Enterprise" (內蒙古自治區製造業單項冠軍企業), demonstrating that our R&D capabilities have gained widespread industry recognition.

As at 31 October 2025, our R&D team comprised 758 members, representing 13.7% of our workforce in terms of number of staff. Our highly qualified R&D team comprises overseas talents, domestic industry experts, and in-house trained technical personnel including master's and PhD holders, supported by an external advisory team of specialists. Leveraging our talents and caliber, we continuously explore and develop new technologies, processes, and materials to maintain our competitive edge in the industry.

In FY2022, FY2023, FY2024 and 10MFY2025, our research and development expenses amounted to RMB386.4 million, RMB566.3 million, RMB591.3 million and RMB548.9 million respectively.

QUALITY CONTROL

We implement stringent quality control measures throughout the entire production process, from raw material procurement to R&D and production, to ensure consistent compliance with high standards under mass production. We regard quality standards as a cornerstone of our business development, and our quality control policies and guidelines have been certified by ISO 9001 and IATF 16949 quality management systems.

For our chemicals segment, we have established a full-process quality management system spanning raw materials to finished products. Key focus areas include: quality management systems, quality standards, material performance, process stability, product consistency and environmental compliance. Our system emphasizes cross-departmental collaboration, involving core departments such as quality control department for inspection execution, production departments for process control, R&D department for standard design and customer service department for gathering feedback for improvement. We further reinforce our capabilities through laboratory testing capability and supply chain management to meet technical and performance requirements without compromising compliance of environmental requirements. Our quality standards are formulated with reference to relevant laws and regulations, industry standards, customer requirements and internal protocols. We implement such quality standards in various critical procedures such as supplier audits, incoming material inspections, in-process monitoring and controls as well as finished product testing. Moreover, we have established mechanism to gather customers feedback and provide after-sales support and follow up with our customers in order to maintain a closed-loop quality management system.

For the health and wellness segment, as our products directly affect the safety, consistency, and efficacy of downstream pharmaceuticals and health supplements, our product quality is paramount. We strictly adhere to national laws, regulations, and industry standards. We have established a comprehensive quality management system that covers all aspects, including supplier selection, raw material procurement, manufacturing, product testing, and after-sales service. Our subsidiaries have established dedicated quality management departments to oversee quality control, ensuring that our products consistently comply with national regulatory requirements and meet customer needs.

During the Track Record Period and up to the Latest Practicable Date, we had not received product-related complaint that may have a material and adverse impact on our Group.

SALES AND MARKETING

Our sales network is mainly domestic. We have established long-term and stable cooperative relationships with a number of internationally leading enterprises and organizations.

To develop our customer portfolio and to become an approved supplier of our customers, we adopt a market/customer-oriented approach. We engage directly with our customers to gain in-depth insights into market dynamics and respond to their needs by providing material/product solutions tailored for their specific performance requirements. We also provide technical support to handle after-sales issues that customers may face.

As at the 31 October 2025, we have 478 in-house staff in our sales and marketing function. With our in-house sales and marketing personnel, we solicit customers primarily by word-of-mouth and direct marketing that we approach potential customers directly to introduce us. We also actively participate in industry exhibitions such as CHINAPLAS, Food Ingredients China, API, 2024 Vitafoods Europe, CPHI Worldwide and HNC EXPO to enhance our market awareness and to gain contact with potential customers.



Note: Our participation in different industry exhibitions.

PRICING POLICY

We formulate our prices based on a number of factors such as raw material and other costs, market demand, customers' background and our relationship with them. We also take into account prices of similar products in the market, production complexity and perceived value, such as whether a product brings unique functions and high technical contents. Generally, our prices are determined through negotiation. Instead of using a standard rate per ton of chemical material sold as pricing basis, to compete and procure customers in a more flexible manner, we provide case-by-case quotations based on current raw material procurement costs, market demand, customer profile and relationship, competitive landscape, and customization requirements. For certain major clients (such as large home appliance or automotive manufacturers and their supply chain solution providers), they generally conduct periodic (typically, monthly, quarterly or semi-annually) and centralized procurement with specific product requirements. Based on their requirements, we will provide quotations taking into account our raw material costs, projected market trends and demand, customer background and relationship, customization needs, as well as competitors' pricing.

PRODUCT DELIVERY

Upon completion of the entire production process, the finished goods will be delivered to the locations specified by our customers through third party logistics service providers. After receiving the products, our customers will issue a receipt confirmation which will be couriered by logistics service providers, mailed or faxed to us. Accordingly, in general, we carry out month-end settlement with customers for transactions in the relevant month.

RETURN POLICY

Our products shall comply with the agreed upon quality standards set out in the contract, and shall be inspected by our customers upon receipt of our products. If any product defect or instance of non-compliance with the agreed quality standards and requirements is identified, we will discuss with our customers to understand the cause of the quality issue and negotiate with our customers for subsequent arrangements.

During the Track Record Period and up to the Latest Practicable Date, there were no material product returns, product recalls or complaints from our customers.

INVENTORY MANAGEMENT

Our inventories mainly include raw materials, finished products and work-in-progress. Principal raw materials are resins which are used for the production of our chemicals products and bone pellets which are used for the production of our health and wellness products.

We are generally not exposed to a significant over-stocking risk because our production process is primarily driven by sales.

For our chemicals business, we adopt an order-based procurement strategy. The supply chain department consolidates production order requirements and formulate procurement plans that align raw material production cycle of suppliers with our order delivery cycles to dynamically mitigate potential impact of price fluctuations. Additionally, for key raw materials such as resins, we closely monitor market conditions and conduct analysis to estimate and maintain optimal stock level dynamically. This establishes a flexible and dynamic inventory system allows us to effectively encounter impact arisen from temporary price fluctuation or supply shortages, thereby ensuring order fulfillment and cost stability. Given that our key raw materials are commodities which are readily available in the PRC, there have been no instances of raw material shortages that posed material risks to us. To encounter potential risks of shortage, we typically maintain an inventory of raw materials equivalent to 1-2 months of production demand.

For our health and wellness business, we also employs an order-based procurement strategy. The procurement department actively and continuously researches suppliers and upstream markets, adjusting procurement strategies based on changes in market supply and demand. By strategic procurement and stocking that takes into account raw material production delivery and our production cycle requirements, we manage the risk of raw material cost fluctuations and reduce procurement costs. Similar to our chemicals business, we typically maintain an inventory equivalent to 1-2 months of production demand. Where necessary, we may closely communicate with our suppliers to reserve supply for production demand of longer period. During the Track Record Period, there have been no instances of raw material shortages that posed material risks to us.

During the Track Record Period, for both chemical and health and wellness segments, our inventory age is primarily within one year, with no significant obsolete inventory. Our average inventory turnover days for FY2022, FY2023, FY2024 and 10MFY2025 remained stable at 68 days, 64 days, 67 days and 70 days, respectively. We have established an inventory aging management system, where production planning prioritizes the use of longer-aged raw materials to minimize overstocking. Furthermore, we conducts regular inventory checks. For obsolete inventory, we strictly follow our internal procedures for write-offs or disposal and sufficient impairment provisions in accordance with accounting standards.

AWARDS AND RECOGNITIONS

The following tables set forth some of our awards and recognitions that our Group had received historically:

Year of award	Award or recognition	Awarding body(ies)
2010	National High-tech Industrialization Demonstration Project (國家高技術產業化示範工程)	National Development and Reform Commission (國家發展和改革委員會)
2016	China National Light Industry Key Laboratory of Gelatin (中國輕工業明膠重點實驗室)	China Light Industry Council (中國輕工業聯合會)
2020	Shandong Province Sports Industry Demonstration Unit (山東省體育產業示範單位)	Shandong Provincial Sports Bureau (山東省體育局)
2021	2021 Shandong Province Technology Innovation Demonstration Enterprise (2021年山東省技術創新示範企業)	Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳)
2021	2021 Newly Accredited National Corporate Technology Center (2021年新認定國家企業技術中心)	National Development and Reform Commission, Ministry of Science and Technology and other governmental authorities
2022	Champion Enterprise in Manufacturing (6th Batch) of Shandong Province (第六批山東省製造業單項冠軍企業)	Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳), Shandong Provincial Federation of Industrial Economics (山東省工業經濟聯合會)
2022	2022 Shandong Province High-end Brand Cultivation Enterprise (2022年度山東省高端品牌培育企業)	Shandong Provincial Market Supervision Administration (山東省市場監督管理局)
2022	Specialized, Precise, Unique, and Innovative Small and Medium Enterprises in Shandong Province, 2022 (2022年度山東省"專精特新"中小企業)	Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳)

Year of award	Award or recognition	Awarding body(ies)
2023	2023 Shandong Province New Material Leading Enterprise (2023年度山東省新材料領軍企業)	Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳)
2023	2023 Shandong Province Manufacturing Innovation Center (2023年山東省製造業創新中心)	Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳)
2023	Specialized, Precise, Unique, and Innovative Small and Medium Enterprises (專精特新中小企業)	Inner Mongolia Autonomous Region Department of Industry and Information Technology (內蒙古自治區工業和信息化廳)
2023	Champion Enterprise in Manufacturing (7th Batch) of Shandong Province (第七批山東省製造業單項冠軍企業)	Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳)
2024	Top 100 Innovative Private Enterprises in Shandong (山東民營企業創新100強)	Shandong Provincial Federation of Industry and Commerce, Shandong Provincial Development and Reform Commission and other governmental bodies and authorities
2024	Top 500 Private Enterprises in China's Manufacturing Sector (中國製造業民營企業500強)	All-China Federation of Industry and Commerce (中華全國工商業聯合會)
2024	Inner Mongolia Autonomous Region Manufacturing Sector Single-item Champion Enterprise (內蒙古自治區製造業單項冠軍企業)	Inner Mongolia Autonomous Region Department of Industry and Information Technology (內蒙古自治區工業和信息化廳)

Year of award	Award or recognition	Awarding body(ies)
2025	Shandong Provincial Outstanding Contribution Award for High-Quality Development of the Private Economy (山東省民營經濟高質量發展突出貢獻獎)	Shangdong Development and Reform Commission (山東省發展和改革委員會), Department of Industry and Information Technology of Shandong Province (山東省工業和信息化廳)

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE MATTERS

Overview

The Company is firmly committed to sustainable development, integrating environmental, social, and corporate governance (ESG) considerations into its operational, strategic, and risk management processes. By embedding ESG principles into both strategic planning and daily operations, we aim to strengthen environmental and social risk management, enhance corporate sustainability, and ensure our ESG objectives progress in synergy with business growth. We recognize that responsible business practices are essential not only for achieving long-term success, but also for promoting the well-being of our planet and society. We have strengthened our internal ESG governance across quality, environmental, energy, and occupational health and safety aspects by implementing internationally recognized systems, including ISO 14001 Environmental Management System, ISO 14067 Carbon Footprint of Products, ISO 50001 Energy Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 9001 Quality Management System.

Environmental

We embrace green principles, actively promote sustainable practices, and are building low-carbon systems across R&D, design, production, supply chain, and services to reduce carbon intensity and emissions per unit of product. To safeguard the environment and minimize pollution, we have established comprehensive management measures for pollutant discharge, hazardous waste, and general solid waste. The Company has obtained all necessary permits for emissions and waste disposal in full compliance with national and local regulations.

Emission Management:

To control emissions, the Company employs advanced filtration and waste gas purification technologies, and conducts regular emissions testing to ensure compliance with established limits for volatile organic compounds (VOCs), sulfur dioxide (SO^2), nitrogen oxides (NO^x), and particulate matter. We adhere strictly to all applicable national and local laws, regulations, and environmental standards, aligning with ecological protection requirements. In 2023, we initiated an environmental protection equipment upgrade project at our Qingdao site, implementing advanced pollution control technologies, including central vacuum desorption, activated carbon adsorption and desorption, and catalytic oxidation (RCO) systems. These high-efficiency exhaust treatment facilities have effectively reduced VOC emissions.

Additionally, we perform regular maintenance and repairs on the exhaust system to prevent emission leaks and ensure the efficiency of pollutant collection and treatment.

We adopt various measures to ensure product compliance with applicable emission standards. In the pre-construction and construction phase of our production facilities, we conduct environmental impact assessments and energy conservation evaluations in accordance with the local regulatory departments, environmental protection authorities, and energy management agencies. Reports such as environmental impact assessments and energy conservation evaluations are prepared as required. To comply with green emission standards, our production bases have been reviewed by local government departments and have obtained necessary filings and approvals. The construction of our production facilities strictly adhere to environmental protection and emission requirements. Upon completion of construction, we engaged third-party experts to conduct acceptance inspections or evaluations in line with environmental supervision requirements. Production operations commence only after qualified acceptance or evaluation reports are issued. In addition, during daily operations, we regularly engages third-party professional institutions to monitor and evaluate the environmental impact of its products or projects, ensuring ongoing compliance with all environmental assessment requirements. Additionally, we impose strict environmental standards for the procurement of raw materials to ensure the environmental compliance of our products. The PRC Legal Advisers are of the view that the Group's products complied with the applicable environmental standards in material aspect, in which the Sole Sponsor concurs.

Wastewater Management:

Depending on product types and discharge requirements, wastewater is treated through a multi-stage process that includes hydrolytic acidification, contact oxidation, and decolorization. The Company's wastewater is pre-treated at our on-site treatment station before being discharged into the municipal pipeline network, where it undergoes further treatment at a municipal wastewater treatment plant.

We have installed on-line real-time monitoring facilities for the wastewater discharged within the company and continuously test major pollutants such as COD and ammonia nitrogen to ensure compliance with discharge regulations.

Hazardous Waste Management:

Hazardous waste is classified, labeled, and stored in designated facilities that comply with relevant construction standards. Hazardous waste is transferred to these storage facilities on the day of generation, and all processes for hazardous waste, including classification, collection, storage, transport, and treatment, are standardized in accordance with the National List of Hazardous Wastes to prevent pollution and accidents. We strictly adhere to applicable regulations and engage qualified third-party organizations for the proper disposal of hazardous waste. In addition, we provide staff training programs to reinforce the importance of safe handling and disposal practices, thereby minimizing any risks.

The Group handles small quantities of adhesives, solvents and refrigerants that are classified as hazardous chemicals. These substances are strictly managed under a dedicated Hazardous Materials Management System. They are stored in purpose-built warehouses equipped with fire protection facilities, gas-leak detection alarms and secondary containment to prevent accidental release. Internal rules stipulate that all transfers must be carried out by licensed staff, with activities logged and tracked through an electronic manifest system to ensure traceability. Weekly inspections are conducted by EHS officers, and any non-conformity identified is escalated to plant managers within 24 hours for immediate rectification.

The Group strictly complies with the *PRC Law on the Prevention and Control of Atmospheric Pollution* (《中華人民共和國大氣污染防治法》), the *PRC Law on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》), and other applicable environmental protection laws and regulations. Internal operations are governed by the *Environmental Facilities Operation Management System* (《環保設施運行管理制度》) and the *Solid Waste Management System* (《固體廢物管理制度》), which set out clear requirements for the classification, collection, storage, utilisation, and disposal of pollutants. Pursuant to the *Regulations on the Safety Management of Hazardous Chemicals* (《危險化學品安全管理條例》), the Group has also established a *Hazardous Substances Management System* (《危險物品管理制度》), providing explicit controls on the transport, use, and storage of chemicals with potential safety risks.

The Group handles small quantities of adhesives, solvents and refrigerants classified as hazardous chemicals. These substances are stored in dedicated warehouses equipped with fire protection, gas-leak alarms and secondary containment. Transfers are carried out by licensed staff and tracked through an electronic manifest system. Weekly inspections are led by EHS officers, with any non-conformity escalated to plant managers within 24 hours. A site-specific emergency-response plan covering spill containment, evacuation and first-aid is tested at least twice a year in conjunction with local fire authorities.

Hazardous Chemicals Management

The Group has established a comprehensive management framework for hazardous chemicals based on the international standards ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System, as well as the requirements of the PRC Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》).

We have formulated and implemented detailed internal rules, including the *Hazardous Chemicals Safety Management Rules (《危險化學品安全管理規定》)* and the *Emergency Management Rules (《應急管理規定》)*, which govern the life cycle of hazardous chemicals covering procurement, production, storage, transportation, use, and disposal. Daily operations strictly comply with these systems, with oversight by the EHS department.

For hazardous waste and other harmful substances, the Group's *Environmental Management Rules Compilation (《環境管理制度匯編》)* prescribes detailed controls over their generation, transfer, and storage. Storage facilities are purpose-built with secondary containment, fire suppression, and gas-leak monitoring systems. Licensed personnel handle all transfers, with activities logged through an electronic manifest system to ensure traceability.

To address potential emergency scenarios, the Group has established a Contingency Plan for Environmental Incidents (《突發環境事件應急預案》). The plan identifies possible environmental risks, including hazardous waste leakage events. In the event of a spill or release, the emergency workflow is activated immediately, with measures to:

- isolate and contain the source of contamination,
- deploy neutralising and absorbent materials pre-stocked on site,
- notify local fire and environmental authorities, and
- initiate evacuation and medical response where required.

Regular drills are conducted in coordination with local fire brigades to test the effectiveness of these procedures, ensuring that the Group can respond swiftly and in an orderly manner to control pollution sources and minimise environmental impact in emergency situations. Taking into account (i) the advise from the Group's ESG consultant that the above-mentioned measures in place are in line with industry practice and (ii) the fact that there had not been any incidents in relation to the handling and management of hazardous chemicals during the Track Record Period, the Sole Sponsor is of the view that the above-mentioned measures in place are adequate and effective.

General solid Waste Management:

The Company has established the Solid Waste Management Regulations to govern the handling of industrial solid waste that is non-hazardous in nature. Additionally, we are committed to managing pollutants and waste through quantitative control, harmless treatment, and resource management. Priority is given to recycling valuable materials such as paper, plastics, and other recyclables. To support traceability and accountability, the Company maintain detailed waste cleanup logs that track recycling activities.

We also implement regular waste reduction initiatives by optimizing production processes, enhancing resource efficiency, and promoting conservation. These efforts reflect the Company's commitment to sustainability by ensuring effective waste management and minimizing environmental impact.

The Group operates a closed-loop recycling system that re-processes gelatin and plastic trimmings generated during capsule manufacture for reuse in production. A dedicated packaging taskforce is trialling bio-based films and water-soluble inks and is working toward a full transition to recyclable or biodegradable primary packaging in the near term. Options for post-consumer take-back programmes are also being explored with key nutraceutical customers to further reduce waste across the value chain.

Data about Emissions and Waste (2022-10M2025)

Waste Type	Unit	2022	2023	2024	10M2025
Hazardous Waste . . .	tonnes	315.8	395.1	420.0	379.2
Non-hazardous Waste	tonnes	1,531.7	2,199.8	2,543.2	2,223.9
Wastewater.	tonnes	2,692,140.8	2,631,377.2	2,554,887.8	2,274,335.4
Scope 1 Emission. . .	$ktCO_2$	30.2	32.4	31.2	30.7
Scope 2 Emission. . .	$ktCO_2$	275.6	368.6	382.1	360.7

Scope 3 screening and action plan

In line with the GHG Protocol Corporate Value Chain (Scope 3) Standard, the Group has performed a preliminary screening of value-chain emissions. This indicates that the most material categories are upstream production of raw materials (such as gelatin, packaging films and certain additives) and downstream logistics and distribution. Together, these are estimated to account for the majority of the Group's carbon footprint.

As consistent primary data from suppliers and transport partners are not yet available, a full quantified Scope 3 inventory is not disclosed for the current reporting period.

At present, comprehensive Scope 3 data are not available because supplier-specific and logistics-partner information is not consistently collected or disclosed across our value chain. Many upstream raw material vendors and downstream distributors do not yet provide product-level carbon footprint data, and activity-based logistics information (such as tonne-kilometres by mode) is still fragmented.

Looking ahead, the Group will gradually expand supplier and logistics data coverage and enhance disclosure quality. As data collection matures, the Group intends to publish a more detailed Scope 3 inventory, including category-level analysis and reduction targets where material.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any accidents, claims or proceedings that had materially and adversely affected our operations and financial performance. Our Directors are therefore of the view that measures we have taken to manage our relation to emissions and use of hazardous chemicals are effective.

Use of Resources:

The Company emphasizes energy conservation, emission reduction, and reduction of resource consumption, with a focus on efficient use of electricity, fuel, steam and industrial water. To achieve these goals, we carry out work in relation to statistics collection, reporting and coordination of energy consumption, and actively implement a series of control measures.

– Optimizing equipment operation and carrying out regular equipment maintenance to reduce resource consumption

– Limiting the use of non-production-related resources

– Implementing work plans for energy conservation and emission reduction in each business unit

– Having implemented energy management measures to reduce energy consumption

In addition to these measures, the Company introduced renewable electricity in its energy operation in 2024. In the same year, the consumption amounted to 10,321.0 kWh in the plant area. This initiative is in line with the Company's commitment to resource conservation and sustainable practices, and marks an important step forward for the Company to reduce its dependence on conventional sources of energy.

We have formulated the Energy Management Manual to help us continuously improve our energy performance through the approach of regular systematic management of energy, which has resulted in a reduction in energy consumption and an increase in energy efficiency. Through these systems, the Company can identify areas of energy waste and take rectification measures to optimize energy use. This process not only helps reduce operating costs, but also promotes environmental sustainability by minimizing the carbon footprint.

Greenhouse-gas baseline and FY 2026 goals

Using FY 2024 as the baseline, the Board has approved the quantitative goals below (reviewed semi-annually by the ESG Steering Group):

Our company has significantly reduced environmental emissions through multi-dimensional measures. In terms of energy consumption, the company has introduced advanced energy-saving process technologies, continuously improved the energy efficiency of equipment, effectively reduced steam and natural gas consumption, and achieved substantial reductions in carbon dioxide emissions. Meanwhile, the company has established a stable green electricity trading mechanism, procuring renewable energy such as wind and photovoltaic power, thereby achieving full-chain clean energy coverage in production.

Regarding wastewater reduction, the company has invested in the construction of a production wastewater recycling project, which not only enables the recycling of some production wastewater but also achieves zero discharge of nitrogen and phosphorus pollutants. By adopting a combined treatment process of "physicochemical pretreatment – bio enhancement – advanced treatment," the company efficiently treats wastewater with complex compositions, improves its biodegradability, and ensures the long-term stable operation of the system.

In solid waste management, the company implements a comprehensive strategy centered on recycling and resource recovery. General solid waste is sorted and recycled to the maximum extent, while hazardous waste is treated through professional methods including co-processing in cement kilns and utilization as alternative raw materials.

KPI	Unit	2024 Baseline	2026 Target	Δ vs 2024
Scope 1 emissions	$ktCO_2e$	31.2	≤29.6	-5%
Scope 2 emissions	tCO_2e	382,114	≤363,000	-5%
Hazardous waste	t	599.5	≤569.5	-5%
Non-hazardous waste	t	2,543.2	≤2,416.0	-5%
Wastewater	t	2,554,888	≤2,427,143	-5%

Environment and Natural Resources:

We fully integrate environmental protection into our operational risk management framework. During the risk assessment process, we identify factors that may have a significant impact on the environment and natural resources, and address potential environmental impacts through stringent controls on emissions and wastewater and waste disposal, thereby minimizing pollution, promoting clean production, and ensuring compliance with applicable environmental standards.

Data about Utilization (2022-10M2025)

Resource Type	Unit	2022	2023	2024	10M2025
Petrol	tonnes	66.6	58.0	50.5	45.3
Diesel	tonnes	179.4	201.8	212.7	180.7
Natural Gas	m^3	15,810,162.3	16,914,970.3	16,306,623.6	15,726,785.2
Electricity	MWh	513,592.0	686,978.0	712,101.6	672,173.7
Water	tonnes	3,042,031.0	3,295,924.0	3,251,200.0	2,875,120.0

Social

Employment

We have established a comprehensive human resources management system which covers a wide range of areas such as recruitment management, employee relationship management and performance appraisal management, striving to attract and retain excellent talents.

Health and Safety

Adhering to the core value of safe production, the Company has formulated a detailed safe production system, covering work environment safety assurance, occupational health management and safety education and training. This shows our respect and protection for employees' rights and interests, and can reduce incidents and diseases in the workplace, thereby ensuring that employees work in a safe environment. The content mainly includes:

– Work environment safety: The Company provides a safe workplace by carrying out regular inspections and maintenance for equipment and facilities, and controlling physical hazards in the workplace, such as noise, dust and chemicals.

– Occupational health management: We provide employees with regular health checks through engaging qualified institutions every year to conduct inspections on occupational hazards, annual physical examinations and occupational health training, and provide employees who are responsible for special work with appropriate protective measures and health monitoring service.

– Safety education and training: The Company has formulated the Safe Production Training and Education Management System, covering the training and education for management personnel, the training and education for practitioners, the training and education for new practitioners, the training and education for other personnel, and daily safety education and assessment. Through training, staff can be familiar with regulations and procedures for safe operation and their safety awareness and emergency response ability can be enhanced.

– Emergency management: The Company has formulated a comprehensive emergency plan, which covers various kinds of emergencies including fire, flood, power outage and equipment failure, and organized regular emergency drills to ensure that employees can take corresponding measures in a timely and effective manner in case of emergency.

– Continuous improvement: Health and safety management measures have been constantly optimized according to assessment results and industry best practices, thereby continuously improving the health and safety performance of the Company.

During the Track Record Period and up to the Latest Practicable Date, the Group recorded no fatal incidents and no occupational injuries causing more than three days' lost time. Minor first-aid cases were investigated, and corrective measures were implemented in accordance with the incident-analysis procedure.

Operating Practices

We regulate our supplier management through the Procedures for Supplier Management and Control and other agreements stipulated in contracts, and conduct regular assessments on suppliers to remove unqualified suppliers. Through the aforesaid processes, a safe and stable supplier team has been established to ensure that the Company can obtain long-term high-quality materials and services in a timely and stable manner.

When a supplier is confirmed, the Quality Assurance Agreement, Product Environmental Protection Agreement and other agreements and documents will be executed to ensure the green supply of raw and auxiliary materials. We have strengthened the ethical compliance of our supply chain through the Supplier Integrity Agreement and the Management Integrity and Self-discipline Commitment. Internal audits can assure compliance and any non-compliance will result in penalties and the implementation of rectification measures.

Within the Group's supplier-management framework, vendors that provide bovine bones and related derivatives are assessed against multiple ESG factors — animal welfare being one of the core criteria, alongside environmental performance, labour standards and product safety. Expectations on humane handling and compliance with local regulations are communicated at onboarding and reaffirmed during periodic business reviews.

Suppliers complete an ESG questionnaire and, where appropriate, provide supporting records. In addition, the Group's procurement and ESG staff conduct on-site assessments at selected facilities to observe whether animals are handled, transported and processed in a manner consistent with our responsible-sourcing principles. Any gaps identified during these desktop or on-site checks are addressed through an improvement plan agreed with the supplier, and follow-up progress is tracked until closure.

We strictly implement quality management, covering all stages from pre-production inspection to during production inspection and finished product inspection. Through the Product Quality Manual, Procedures for Identification and Traceability Control and After-sales Service Manual, we control the whole process of our products, and identify issues and take remedies in a timely manner. We enhance customer satisfaction through handling customer complaints and after-sales management, thereby ensuring that issues related to product quality can be solved in a timely manner.

Community Investment

The Company persists on giving back to the society with its love for public welfare, and fulfills its public welfare undertakings with practical actions. The Company has actively carried out public welfare and charity undertakings such as public welfare education support, charitable donations and community development, contributing to the building of a harmonious and happy society. During the Track Record Period, the total amount of public welfare invested by the Company was RMB18.3 million.

Governance

The Board sets the Company's ESG vision and risk appetite, and incorporates environmental, social and governance factors into the Company's strategy, capital allocation and daily decision-making. Directors are responsible for overseeing the identification and mitigation of risks related to technology, compliance, environment and climate as well as reputational risks based on a company-wide risk management framework. The Company has obtained ISO14001, ISO14067, ISO50001, ISO45001 and ISO9001 certifications, which provide structured systems for environment, carbon emission, energy, occupational health and product quality management, further underpinning this commitment.

As for operation, responsibility flows downwards through the Executive Management Committee and ultimately rests with the cross-functional ESG Steering Group and ESG coordinators. Core control measures include: the safe production responsibility and commitment system, which requires regular training, emergency drills and incident investigations; safeguard measures for the supplier side, such as supplier onboarding, quality control, performance assessment and blacklisting systems; and supplier integrity protocols and procurement audits for enhancing anti-bribery and fair competition standards. These mechanisms integrate ESG objectives into our daily work flows, while enabling the quick report of material issues to senior management.

Key ESG-related risks include: more stringent regulations on pollution and carbon emissions (which may increase compliance costs), operational safety incidents inherent in production activities, and supply chain or ethical failures that could disrupt production inputs and damage our reputation. Proactive management of these issues also creates opportunities: upgrading to efficient pollution control measures and increasing on-site solar power generation can reduce energy costs and emissions; a well-developed safety plan can enhance the confidence of our customers and employees; and close cooperation with suppliers can promote innovation in low carbon materials and circular economy solutions.

Board competence and materiality process

The Board collectively possesses expertise in environmental engineering, energy management, corporate governance and risk oversight. Two Executive Directors hold professional qualifications in environmental science, and the Executive Directors responsible for operations has led ISO 14001 and ISO 50001 certification projects for over ten years. Each year the ESG Steering Group coordinates a double-materiality assessment that maps more than 20 ESG topics against stakeholder expectations and enterprise value. The assessment combines (i) stakeholder surveys, (ii) peer benchmarking and (iii) management workshops. The resulting priority matrix is endorsed by the Board and forms the basis of our annual ESG targets and disclosures, with the latest review (May 2025) reaffirming climate-change mitigation, product quality & safety and occupational health & safety as the Group's highest-priority issues.

ESG Risk Mitigation Plans and Targets

Risk Category	Key Risk Identified	Mitigation Measures Taken	Targets/Key Performance Indicators	Approximate Timeframe
Regulatory Compliance (Emissions and Wastewater).	More stringent local restrictions on air emissions, wastewater and solid waste may increase operating costs or result in penalties.	All necessary discharge permits have been obtained as required and are reviewed annually. • The Continuous Emission Monitoring System (CEMS) has been in place to monitor sulfur dioxide (SO_2), nitrogen oxides (NOx), volatile organic compounds (VOCs) and particulate matter. • A multi-stage wastewater treatment system with online COD/N sampling has been in place.	• Maintaining 100% regulatory compliance with zero fines. • Reducing VOC emissions by 5% as compared with the 2024 baseline.	Compliance: ongoing (annual review) Reduced VOC emissions: by 2026

Risk Category	Key Risk Identified	Mitigation Measures Taken	Targets/Key Performance Indicators	Approximate Timeframe
Climate/Energy Transition	Carbon prices and energy costs have been rising.	• On-site solar arrays have been installed (Power generation in 2024 was 10,321 kWh). • ISO50001 energy management system has been implemented; Energy audits are conducted every year.	• Constantly increasing the proportion of green electricity and introducing new technologies to improve the utilization rate of waste heat from equipment. • Reducing carbon intensity in Scope 1+2 by 5% (as compared with 2024).	2027
Operational Safety	Workplace incidents result in injury, loss of work or damage to our reputation.	• The safe production responsibility and commitment system has been established. • Mandatory training, monthly "toolbox" talks and emergency drills have been carried out. • Root cause investigations have been conducted on all incidents.	• Zero fatal incidents.	Continuous
Supply Chain Integrity and Ethics	Supplier non-compliance (in terms of quality, labor and environment) result in production disruptions or damage to our reputation.	• All first-tier suppliers have signed the Supplier Integrity Agreement. • Onboarding review, annual ESG performance scorecard and blacklisting mechanisms have been adopted.	• Conducting annual review on 100% of first-tier suppliers according to ESG criteria. • ≥90% of suppliers being rated grade "A/B" on the annual scorecard.	From 2025 (annual audit cycle)

EMPLOYEES

We place strong emphasis on recruiting quality personnel. We recruit talents from universities and other companies and provide on-going training and development opportunities to our employees.

We enter into individual employment contracts with our employees on terms and conditions including the term, work location, scope of work, work hours, wages, employee benefits, safety and sanitary conditions at the workplace, confidentiality obligations and grounds for termination. We contribute to social insurance and housing provident funds for our employees in the PRC in accordance with the applicable PRC laws and regulations.

As at 31 October 2025, we had a total of 5,519 employees. The following table sets out a breakdown of our employees by function as at 31 October 2025:

Department	Number of Employees
Production	3,430
Sales and marketing	478
R&D	758
Finance	132
Administrative	446
Others	275
Total	**5,519**

During the Track Record Period and up to the Latest Practicable Date, we have not encountered any material strikes or labour disputes with our employees, received any material complaints, notices or orders from relevant government authorities or third parties, nor been involved in any material claims relating to social insurance or housing provident funds.

Recruiting and training

We recruit employees through a variety of channels such as open recruitment days, campus recruitment, headhunting, internal channels as well as recruitment process outsourcing. When recruiting, we will consider a variety of factors, such as technical abilities, hard and soft skills and cultural adaptability. Our recruitment plan is determined based on our Group's strategic planning and development needs. To attract and recruit industry talents, the Group offers competitive salary and benefits, diverse and flexible career development paths, and multi-channel career development channels for employees.

We conduct internal employee trainings regularly and external trainings from time to time. Trainings include skills training, business etiquette training, fire training, etc. We use a combination of on-site teaching and practical operations to train our employees. Monthly trainings and real-time trainings are scheduled according to actual business needs.

INSURANCE

We believe that our insurance coverage is in line with the industry practice in the PRC. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including (i) liability insurance to cover liabilities for property damage or personal injury suffered by our employees arising out of or related to our business operations and (ii) property insurance for damages to both movable and immovable property owned by us or in our custody.

We believe we have maintained property and liability insurance with coverage in line with the practice of similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may have adverse effects on our business. For more details, please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter" in this document.

CERTIFICATES, LICENCES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC's Legal Advisers, our Group has obtained all licenses, approvals, permits and certificates that are material and necessary for our business operations in both chemicals and health and wellness segments in the PRC, and such licenses, permits, approvals and certificates are valid and subsisting.

The following table sets forth certain licenses and permits currently held by us, which are material to our business, taken as a whole:

License/Permit	Holder	Issuing Authority	Effective Period
Chemicals			
Pollutant Discharge Permit (排污許可證) . .	The Company	Relevant Bureau of Ecology and Environment of respective administrative regions	2021.08.31-2026.08.30
	Gon Composites		2022.6.2-2027.6.1
	Gon Polymer.1		2024.06.21-2029.06.20
	Gon Chemical (Dongming)		2024.09.03- 2029.09.02
	Gon Ruihua		2024.07.15-2029.07.14
	Dongbao Bio-tech		2023.08.16-2028.08.15

License/Permit	Holder	Issuing Authority	Effective Period
Hazardous Chemicals Business Permit (危險化學品經營許可證) . . .	Gon Polymer.1	Relevant Emergency Management Department of corresponding administrative region	2024.3.14-2027.3.13
Pollutant Discharge Permits of Stationary Pollution Sources (固定污染源排污登記) .	Guangdong Gon Plastics Gocci Opto-electronics Yiqing-Biotech	National Information Platform for Permit Management of Pollutant Discharge	2023.9.22-2028.9.21 2025.06.16-2030.06.15 2025.02.28-2030.02.27
Store and Use Licence for Schedule 2 Dangerous Goods (S2DG) (S2危險品貯存暨使用牌照)	Hong Kong Petrochemical	Fire Services Department of Hong Kong	2025.10.14-2026.10.13 2025.12.27-2026.12.26 2025.12.28-2026.12.27 2025.12.29-2026.12.28 2025.12.31-2026.12.30
Health and Wellness			
Food Production License (食品生產許可證)	Dongbao Bio-tech	Baotou Administration for Market Regulation	2025.07.12-2026.11.07
Food Business License (食品經營許可證)	Dongbao Bio-tech	Food and Drug Administration and Administration for Market Regulation of Baotou Rare Earth High-Tech Industrial Development Zone	2021.10.09-2026.04.12
Excipient Registration (藥用輔料登記) for empty capsules	Yiqing Bio-tech	Drug Evaluation Center of National Medical Products Administration	Indefinite

PROPERTIES

As at 31 October 2025, we operated our business through owned properties, land use rights and leased properties in China and Hong Kong. We primarily use our owned and leased properties as our production bases, dormitory and office.

As at 31 October 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this Document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Documents from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Self-owned properties

As at the Latest Practicable Date, we had obtained title certificates for use of land with an aggregate site area of approximately 1,941,508.3 sq.m. in the PRC.

As at the Latest Practicable Date, we have obtained title certificates for all properties owned by our Company and Major Subsidiaries, with a site area of 988,563.5 sq. m. and construction area of 525,938.1 sq. m. in the PRC. These properties are primarily used for production, dormitory and office purposes. As confirmed by our PRC Legal Advisers, our Company and the Major Subsidiaries legally and validly own the aforementioned properties, with no existing or potential ownership disputes.

Leased properties

As at the Latest Practicable Date, our Company and Major Subsidiaries had entered into 14 material external lease agreements with a floor area of approximately 195,455.2 sq.m. in China, the majority of which are used for production, dormitory and office. According to applicable PRC laws and regulations, except for land lease, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within a prescribed time period. As at the Latest Practicable Date, with respect to three leased properties in China, we had not filed the lease agreement because the relevant lessors could not provide the documents necessary for lease registration. As advised by our PRC Legal Advisers, the absence of registrations will not affect the validity of the lease agreements, and therefore would not result in us being required to vacate the leased properties nor materially and adversely affect our operations. However, the relevant PRC authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease, and therefore a maximum penalty of RMB30,000 in aggregate, which will not have any material and adverse impact on our business operations. As at the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement

actions as a result of our failure to file the lease agreements as aforementioned, and we will register relevant lease agreements as soon as the requisite documents become available to us. To prevent the recurrence of similar non-compliance in the future, we have established internal guidelines and enhanced our internal control procedures. These improvements include proactively verifying lease registration requirements with the relevant authorities before entering into lease agreements, and conducting due diligence on the validity of property ownership certificates and other relevant documentation. Additionally, we have incorporated explicit clauses regarding lessors' responsibilities of lease registration into our standard contract templates to ensure that registration procedures can be completed in a timely manner following contract execution.

We also occupied an aggregate site area of 51,074.2 sq. m. in Hong Kong for our production.

INTELLECTUAL PROPERTY

We regard intellectual property rights key to our business. We primarily rely on the applicable laws and regulations on patents, utility models, trademarks, trade secrets as well as confidentiality agreements to protect our intellectual property rights. As of the Latest Practicable Date, we owned 513 registered patents, 269 registered trademarks and 21 registered copyrights, and had applied for the registration of 214 patents. For particulars of trademarks, patents and copyrights that are material to our business, see "Appendix VI — Statutory and General Information — Further Information about the Business of our Company — 2. Intellectual property rights.

As of the Latest Practicable Date, we were not aware of any material infringement (i) by us in relation of any intellectual property rights owned by third parties; or (ii) by any third parties in relation of any intellectual property rights owned by us.

LEGAL PROCEEDINGS AND COMPLIANCES

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. Based on the foregoing, our PRC Legal Advisers are of the view that the Company and the Major Subsidiaries had complied with all relevant laws and regulations in all material respects, including environmental, health and safety laws and regulations as well as green emission standards under national policy mandates, in the PRC during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted and implemented various policies and procedures to ensure rigorous risk management and internal control, and we are dedicated to continually improving these policies and procedures. Pursuant to our risk management policy, our key risk management objectives include: (i) identifying different types of risks; (ii) analyzing the identified risks, setting appropriate risk resistant level, and designing responsive policies and procedures; (iii) establishing a risk control and compliance management professionals organization; (iv) leveraging our IT systems to improve the accuracy and efficiency of related controls; (v) regularly reviewing risk management policies and relevant internal control systems to adapt to changes in regulatory updates, market conditions or our operating activities; and (vi) monitoring implementation of those designed policies and procedures.

Our risk management and internal control policies and procedures cover various aspects of our business operations, such as quality control, financial reporting, information disclosure, information system, internal control, human resources and regulatory risk management. We have taken various internal control measures and will continue to monitor and enhance our internal control policies to ensure our compliance with the requirements under the listing rules of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. We have formulated the Policy on Inside Information and the Policy on Information Disclosure, which will take effect upon the [**REDACTED**]. They provide, among other things, that (a) the Directors, officers or employees of the Company shall keep inside information confidential; (b) the Company's financial results or forecasts, its annual, half-year and quarterly reports, or related information shall not be disclosed prior to the publication of announcements by the Company; (c) a shareholder holding 5% or more of the shares of the Company shall notify us in the event of any change in its shareholding of the Company, any major change in its control of the Company or any other circumstances as required under the listing rules of the Company's place of listing, and (d) the Directors, senior management and other staff who have access to material non-public information of the Company shall keep such information confidential and no inside information may be disclosed in the press conferences for the financial results, meetings with analysts, roadshow, meetings with potential investors or other meetings or communications in respect of the operations, financial conditions or other matters of the Company. Furthermore, the Directors and senior management of the Company have attended and will continue to attend trainings on securities laws and continuing compliance obligations under the listing rules of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. We have also engaged a compliance adviser and will continue to engage PRC and Hong Kong legal advisers to advise us on the compliance with the applicable laws, regulations and listing rules.

IMPACT OF THE COVID-19 PANDEMIC

During the COVID-19 pandemic, we did not experience any material disruptions. Given that we mainly make our procurement domestically in the PRC and our customers are also located in the PRC, the COVID-19 pandemic did not cause material disruption to our supply chain or delivery logistics either. Also, the COVID-19 pandemic did not have material impact on our financial performance that we experience continued growth in our revenue throughout the Track Record Period. Based on the foregoing, our Directors are of the view that there had been no material adverse impact from the COVID-19 outbreak during the Track Record Period and up to the Latest Practicable Date.

OVERVIEW

Upon [**REDACTED**], our Board will consist of seven Directors, comprising four executive Directors and three independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

OUR DIRECTORS

Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. Our Board is responsible for and has general power for the management and conduct of our business.

The following table sets out certain information in respect of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Director(s), and/or senior management
Mr. Wang Aiguo (王愛國)	56	Chairman of our Board, executive Director and general manager	December 2000	December 2000	Overseeing the overall business development, strategic planning and operational management of our Group	Nil
Mr. Li Zonghao (李宗好)	55	Executive Director	November 2004	July 2011	Overseeing the overall business development and management of our Group	Nil
Ms. Li Huiying (李慧穎)	46	Executive Director	March 2001	July 2017	Overseeing the overall business development and management of our Group	Nil
Mr. Han Bo (韓博)	43	Executive Director, deputy general manager	August 2010	June 2025	Overseeing the overall business development and management of our Group	Nil

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Director(s), and/or senior management
Mr. Wang Yaping (王亞平)	61	Independent non-executive Director	July 2020	July 2020	Responsible for supervising and providing independent opinion and judgement to our Board	Nil
Mr. Sun Jianqiang (孫建強)	61	Independent non-executive Director	May 2023	May 2023	Responsible for supervising and providing independent opinion and judgement to our Board	Nil
Ms. Hong Ting (項婷)	39	Independent non-executive Director	June 2025	June 2025	Responsible for supervising and providing independent opinion and judgement to our Board	Nil

Executive Directors

Mr. Wang Aiguo (王愛國), aged 56, founded our Group in 2000 and accumulated over 24 years of experience in the chemical industry. From December 2000 to July 2011, Mr. Wang served as our executive Director, general manager and director of the technology centre. Since July 2011, Mr. Wang has served as chairman of the Board, general manager and director of the technology centre. Mr. Wang also serves as the director of certain subsidiaries, certain subsidiaries, such as the chairman of the board of Dongbao Bio-Tech, Yiqing Bio-Tech and Gon Polymer.1, and the executive director of Gon Composites, Gocci Opto-electronics, Guangdong Gon Plastics , Jiangsu Guoheng New Materials Technology Co., Ltd.*(江蘇國恒新材料科技有限公司), Rizhao Gon Chemical Co., Ltd. (日照國恩化學有限公司) and other subsidiaries. Mr. Wang is responsible for overseeing the overall business development, strategic planning and operational management of our Group.

Mr. Wang obtained a Master of Business Administration degree from Tsinghua University in the PRC in June 2012. Mr. Wang subsequently obtained a Doctor of Business Administration from the University of Minnesota in the United States in May 2024.

Mr. Wang served as the vice chairman (副理事長) of the China Management Science Conference (中國管理科學大會) from August 2009 to July 2012, and an expert member (評審專家) of the Review Committee for Scientific and Technological Innovation Achievements (科技創新成果論文評審委員會) at the 17th and 18th China Scientists Forum (中國科學家論壇) in September 2020 and May 2021, respectively. Mr. Wang was awarded the "Special Contribution Award for Achievements in China's Management Science" (中國管理科學成就特別貢獻獎) and "2009 Top Ten Entrepreneurs with Outstanding Contributions to China's Small and Medium Enterprises" (2009中國中小企業十大傑出貢獻企業家) in August 2009, "Charismatic Leader in China's Plastics Industry for the 60th Anniversary of the Founding of the People's Republic of China" (建國60周年中國塑料製品行業魅力領軍人物) in November 2009, the "Contribution Award for the Development of China's Private Science and Technology" (中國民營科技發展貢獻獎) in December 2009, "China's Outstanding Private Entrepreneur" (中國優秀民營企業家) in January 2010, "Qingdao Entrepreneurship Star" (青島市創業明星) in May 2012, "Industry Leading Entrepreneur" (行業領軍企業家) in December 2019, "2020 Science and Technology Innovation Advanced Individual" (2020科技創新先進個人) in September 2020, "Qingdao Top Talent" (青島拔尖人才) in August 2021, "Qingdao City Outstanding Entrepreneurs" (青島市優秀企業家) in February 2023 and "Shandong Province Model Worker" (山東省勞動模範) in April 2023 and other honours. Mr. Wang also served as a representative to the Qingdao Municipal People's Congress, he was appointed as a member of the Qingdao Talent Strategy Advisory Committee (青島市人才戰略諮詢委員會委員) in January 2021 and economic consultant to the Qingdao Municipal People's Government in November 2021.

Mr. Wang is the spouse of Ms. Xu, one of our Controlling Shareholders.

Mr. Wang was previously a director of the following company at the time of its dissolution:

Name of company	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
Qingdao Yingbo Polymer Technology Co., Ltd.* (青島英博高分子科技有限公司).	PRC	Research and development of new polymer materials, production of plastic raw materials and products	30 November 2008	Deregistration

Mr. Wang confirmed that (i) to the best of his knowledge, information and belief after making reasonable enquiries, the above company was solvent immediately prior to its dissolution; (ii) there is no wrongful act on his part leading to the dissolution of the above company; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of the above company; and (iv) no misconduct or misfeasance had been involved on his part in the dissolution of the above company.

Mr. Li Zonghao (李宗好), aged 55, was appointed as a Director of our Board in July 2011. He currently holds multiple positions in our Group, including executive and general manager of both Gon Plastics (Zhejiang) and Gon Plastics (Qingdao).

Mr. Li has gained extensive managerial and industry experience of more than 20 years since he joined our Group in November 2004. From November 2004 to April 2010, Mr. Li served as the manager of the quality department of our Company. From April 2010 to December 2021, he was appointed the head of the Changxing branch of our Company. Since July 2011, Mr. Li was appointed as a Director of our Company. From July 2015 to January 2021, Mr. Li was appointed as the head of the Company's Ningbo branch. Since May 2021, he was appointed as an executive director and general manager of Gon Plastics (Zhejiang). Since October 2021, he has also assumed the roles of executive director and general manager of Gon Plastics (Qingdao).

Mr. Li obtained a bachelor's degree in engineering from Tianjin University of Science and Technology (formerly known as the Tianjin Light Industry Institute* (天津輕工業學院)) in July 1992.

Mr. Li was recognized as a member of the Excellent Quality Management Group of the Shandong Province of the Year of 1998 (一九九八年度全省優秀質量管理小組). Mr. Li is a certified senior engineer specialized in chemical engineering (化工工程) as certified by Qingdao Senior Evaluation Committee for Engineering Technical Professional Qualifications (青島市工程技術職務資格高級評審委員會) in November 2023.

Ms. Li Huiying (李慧穎), aged 46, was appointed as a Director of our Board in July 2017.

She began her career in our Group when she joined us in March 2001 as an accountant until March 2007. From March 2007 to July 2011, she held the positions of deputy manager and subsequently manager of the procurement management center of our Company, overseeing our overall procurement function. Between August 2011 and July 2017, she concurrently served as chairperson of the Company's supervisory committee and the manager of the procurement management center. Since July 2017, Ms. Li has been serving as a Director of our Company.

Ms. Li completed her tertiary education in financial accounting from Qingdao University of Technology (previously known as Qingdao Institute of Architectural Engineering* (青島建築工程學院)) in the PRC in July 1999. Ms. Li was awarded the honorary title of March 8th Red Flag Bearer (三八紅旗手榮譽) for two consecutive years in March 2012 and March 2013.

Ms. Li was previously a supervisor of the following company at the time of dissolution:

Name of company	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
Qingdao Lianying Decoration Engineering Co., Ltd.* (青島聯盈裝飾工程有限公司)	PRC	Interior and exterior decorating	24 July 2018	Deregistration

Ms. Li confirmed that (i) to the best of her knowledge, information and belief after making reasonable enquiries, the above company was solvent immediately prior to its dissolution; (ii) there is no wrongful act on her part leading to the dissolution of the above company; (iii) she is not aware of any actual or potential claim that has been or will be made against her as a result of the dissolution of the above company; and (iv) no misconduct or misfeasance had been involved on her part in the dissolution of the above company.

Mr. Han Bo (韓博), aged 43, was appointed as an executive Director in June 2025. He currently holds multiple positions in our Group, including the deputy general manager of our Company, the executive director and general manager of Shandong Guoen Chemical Co., Ltd. (山東國恩化學有限公司), the manager of Guangdong Gon Plastics.

Mr. Han joined our Group in August 2010 . From August 2010 to August 2013, Mr. Han served as a assistant to the general manager of our Company. Since August 2013, Mr. Han has served as the deputy general manager of our Company. Prior to joining our Group, Mr. Han served as a workshop director, quality supervisor and regional account manager of Qingdao Haier New Material Co., Ltd.* (青島海爾新材料研發有限公司) from August 2005 to May 2008, and the department head of Product Development Division I (產品開發一課) Foxxcon Prevision Electronics (Yantai) Co., Ltd. from May 2008 to August 2010.

Mr. Han obtained a bachelor's degree in composite materials and engineering (複合材料與工程) from Jinan University in the PRC in July 2005 and a master's degree in industrial engineering from the Ocean University of China in December 2016. He was certified as a certified senior engineer in chemical engineering by the Qingdao Engineering and Technology Qualification Senior Review Board in December 2022.

Independent Non-executive Directors

Mr. Wang Yaping (王亞平), aged 61, has been appointed as the independent non-executive Director of the Company since July 2020.

Mr. Wang has extensive experience in the legal industry and corporate governance. Mr. Wang has been serving as a senior partner and chairman of the partners' meeting (合夥人會議主席) of Shandong Guoyao Qindao (Qingdao) Law Firm (山東國曜琴島(青島)律師事務) since 2001 and 2021, respectively. In October 2021, Mr. Wang was appointed as the director of 10th Council of the All China Lawyers Association (中華全國律師協會) and he is currently serving as a deputy director of its Anti-Monopoly and Anti-Unfair Competition Committee (中華全國律師協會反壟斷反不正當競爭委員會). He was also appointed as the honorary president of the 10th Council of Qingdao Lawyers Association (青島市律師協會) and was accredited as a certified arbitrator of the Qingdao Arbitration Commission (青島仲裁委員會) in March 2025 and December 2020, respectively. In addition to his legal practice, Mr. Wang has held multiple supervisory positions and directorships in several listed companies. From June 2014 to May 2025, Mr. Wang served as a supervisor of Tsingdao Brewery Co., Ltd. (青島啤酒股份有限公司) (stock codes: 600600.SH, 0168.HK) ("**Tsingdao Brewery**"). From November 2016 to August 2022, Mr. Wang served as an independent director of Qingdao Baheal Medical Co., Ltd.* (青島百洋醫藥股份有限公司) (stock code: 301015.SZ). From October 2018 to June 2024, Mr. Wang served as an independent non-executive director of Prosper Construction Holdings Limited (stock code: 6816.HK). Mr. Wang was appointed as the independent supervisor of Qingdao Port International Co., Ltd. (青島港國際股份有限公司) (stock codes: 601298.SH, 6198.HK) from May 2019 to October 2025. Mr. Wang was appointed as an independent non-executive director of Qingdao Holdings International Co., Ltd. (青島控股國際有限公司) (stock code: 0499.HK) since December 2024, and independent director of Qingdao Sportsoul Health & Technology Co., Ltd.* (青島三柏碩健康科技股份有限公司) (stock code: 001300.SZ) since December 2023.

Mr. Wang obtained a bachelor's degree in laws from East China University of Political Science and Law (previously known as the East China Institute of Politics and Law) in July 1986. He became a practising lawyer in the PRC in June 1989 and obtained the qualification of first-class lawyer (國家一級律師) in May 2020, and in March 2015, he obtained the qualification for Independent Non-Executive Directors of the Shanghai Stock Exchange (上海證券交易所獨立非執行董事資格).

Mr. Sun Jianqiang (孫建強), aged 61, has been appointed as the independent non-executive Director of the Company in May 2023.

Since July 1990, Mr. Sun has worked at the Ocean University of China (中國海洋大學), taking up the positions of professor at the School of Management in September 2004, and director (部長) of the graduate education management department in March 2024. In addition to his academic roles, Mr. Sun served as an independent director of Liqun Commercial Group Co., Ltd. (利群商業集團股份有限公司) (stock code: 603166.SH) from May 2019 to May 2025. Mr. Sun joined the board as the independent director of Qingdao Compton Technology Co., Ltd. (青島康普頓科技股份有限公司) (stock code: 603798.SH) since May 2023.

Mr. Sun obtained a bachelor's degree in applied mathematics and a master's degree in science from the Ocean University of China in the PRC in July 1985 and July 1990, respectively. He obtained a doctorate degree in business administration from Xi'an Jiaotong University in the PRC in December 2006. Mr. Sun obtained a doctorate degree in accounting from the Ocean University of China in the PRC in June 2018. He obtained the qualification for Independent Non-Executive Directors of the Shanghai Stock Exchange (上海證券交易所獨立非執行董事資格) in August 2011.

Ms. Hong Ting (項婷), aged 39, has been appointed as our independent non-executive Director in June 2025.

From September 2008 to September 2018, Ms. Hong served multiple positions at Deloitte Touche Tohmatsu, with her last position being audit manager. Since October 2018, Ms. Hong Ting has been the managing director of Rongcheng (Hong Kong) CPA Limited. Ms. Hong is currently serving as an independent non-executive director of several listed companies in Hong Kong, namely, Yun Lee Marine Group Holdings Ltd. (stock code: 2682.HK) since January 2023, World Houseware (Holdings) Ltd. (stock code: 0713.HK) since July 2023, Yinsheng Digifavor Co., Ltd (stock code: 3773.HK) since May 2025 and Ernest Borel Holdings Limited (stock code: 1856.HK) since May 2025. Ms. Hong also served as a non-executive director of ALCO Holdings Limited (stock code: 0328.HK) from June 2022 to January 2023, an independent non-executive director of C&D Newin Paper & Pulp Corporation Limited (stock code: 0644.HK) from October 2024 to February 2025, an independent non-executive director of Wai Chun Bio-Technology Limited (stock code: 0660.HK) from October 2022 to April 2024 and an independent non-executive director of Jingrui Holdings Limited (stock code: 1862.HK) from December 2024 to December 2025.

She obtained a Bachelor of Business degree from The Chinese University of Hong Kong in 2008. She is a Certified Public Accountant (Practising) in Hong Kong.

OUR SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company (other than our executive Directors):

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Director(s), and/or senior management
Mr. Yu Chuibai (于垂柏)	51	Deputy general manager, Chief Financial Officer	January 2011	February 2017	Managing the financial functions of the Group	Nil

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Director(s), and/or senior management
Mr. Wang Long (王龍)	44	Deputy general manager and deputy director of technology center	July 2009	June 2025	Managing the R&D functions and technology-related matters of the Group	Nil
Ms. Yu Yu (于雨)	35	Deputy general manager, board secretary and joint company Secretary	June 2018	July 2020	Overseeing the overall management and administrative function of the Group	Nil

Mr. Yu Chuibai (于垂柏), aged 51, has been appointed as our chief financial officer since April 2019. Mr. Yu currently also serves as the deputy general manager of the Company.

Mr. Yu has over 14 years of experience in accounting, auditing, and corporate governance. Mr. Yu held various positions in our Group since he joined us in January 2011. From January 2011 to January 2017, Mr. Yu served as the audit director of our Company. Since February 2017, he has served as the deputy general manager of our Company. From March 2017 to September 2017, Mr. Yu served as the general manager of Gon Composites. From March 2017 to April 2019, he served the chairman of the supervisory committee of Yiqing Bio-tech. Since April 2019, he has served as the chief financial officer (財務負責人) of our Company.

Mr. Yu obtained a bachelor's degree in economics from the University of Shanghai for Science and Technology in July 1997. Mr. Yu subsequently obtained a master's degree in accounting from Xi'an Jiaotong University in December 2009.

Mr. Wang Long (王龍), aged 44, has been appointed as deputy general manager of our Company since June 2025. Mr. Wang is currently also the deputy director of the technology centre of the Company, a director and manager of Guoen Future (Shenzhen) Technology Co., Ltd. (國恩未來(深圳)科技有限公司), and a supervisor of Guoen Future (Shanghai) Chemical Co., Ltd. (國恩未來(上海)化工有限公司) and Zhejiang Guoen Chemical Co., Ltd. (浙江國恩化學有限公司).

Mr. Wang has around 16 years of experience in scientific and technological innovation. Mr. Wang joined our Group in July 2009, and had held different positions in our Group since then. From July 2009 to October 2010, Mr. Wang served as the manager (主管) of the Company's technology centre. Since October 2011, he has served as the deputy director of our Company's technology centre. From August 2011 to July 2017, Mr. Wang served as the Company's supervisor. From August 2011 to June 2025, Mr. Wang served as the Company's assistant to the general manager. From May 2023 to June 2025, Mr. Wang served as the chairman of the supervisory committee of the Company; and since June 2025, he has served as the Company's deputy general manager.

Mr. Wang obtained a bachelor's degree in polymer materials and engineering from the Qilu University of Technology (previously known as the Shandong Institute of Light Industry) in July 2005. Mr. Wang subsequently obtained a master's degree in material sciences from the Qingdao University of Science and Technology in the PRC in June 2009. He also obtained the qualification of a senior engineer in January 2020.

Mr. Wang has received several awards and recognitions in the field of scientific innovation. He was awarded the second prize (二等獎) of Shandong Province Small and Medium-sized Enterprises Science and Technology Progress Award (山東省中小企業科學技術進步獎) in October 2011, the Award of Qingdao City Science and Technology (青島市科學技術獎) in April 2016, the gold medal of Chengyang District "Mayor's Cup" Innovation Grand Prize (城陽區"區長杯") in 2013, the honorary title of "The First Batch of Frontline Professional Technical Key Talents of Chengyang District" ("城陽區首批基層一線專業技術骨幹人才") in December 2013 and "Top Talents of Chengyang District" (城陽區"拔尖人才") in March 2020.

Ms. Yu Yu (于雨), aged 35, was appointed as deputy general manager, board secretary and the joint company secretary of the Company on July 2020, July 2020 and May 2025, respectively.

She joined our Group as the Company's securities affairs representative from June 2018 to July 2020, and concurrently held the position of employee representative supervisor from May 2019 to July 2020. Since July 2020, Ms. Yu has been serving as the deputy general manager and board secretary of the Company. She currently also holds the positions of chairperson of the board of directors of Huaian Xinsheng New Material Technology Co., Ltd* (淮安信盛新材料科技有限公司), director of Gon Chemical (Dongming), and supervisor of Shandong Guoen Health Science and Technology Co., Ltd.*(山東國恩健康科技有限公司), Qingdao Guoen Culture and Sports Industry Co., Ltd.* (青島國恩文體產業有限公司), Qingdao Guoen Sports Turf Co., Ltd.* (青島國恩體育草坪有限公司), Guoen Future (Liaoning) Health Science and Technology Development Co., Ltd.* (國恩未來(遼寧)健康科技發展有限公司) and Guoen Qingchuang (Shanghai) New Material Co., Ltd.* (國恩青創(上海)新材料有限公司).

Ms. Yu obtained a bachelor's degree in business administration from the China Three Gorges University in the PRC in June 2013. She obtained the qualification of board secretary (董事會秘書資格) in November 2016.

JOINT COMPANY SECRETARIES

Ms. Yu Yu (于雨), aged 35, was appointed as the joint company secretary of the Company in May 2025. For her biography, see "— Our Senior Management" in this section.

Ms. Chan Yuk Wing (陳玉穎), aged 36, was appointed as our joint company secretary in May 2025.

Ms. Chan possesses extensive experiences in the provision of corporate services and compliance services to a number of companies listed on the Stock Exchange. Ms. Chan obtained a master degree holder of Corporate Governance awarded by Hong Kong Metropolitan University in 2021. Ms. Chan possesses the qualifications of a company secretary as required under Rule 3.28 of the Listing Rules. Ms. Chan is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Strategy Committee

We have established a Strategy Committee which consists of five Directors, namely Mr. Wang Aiguo, Mr. Li Zonghao, Mr. Han Bo, Mr. Sun Jianqiang and Mr. Wang Yaping, with Mr. Wang Aiguo being the chairman of the Strategy Committee. The primary duties of the Strategy Committee include, but are not limited to, the following:

- to study and make suggestions on the Company's long-term development strategic plans (including sustainable development and environmental, social and governance (ESG) related issues);

- to study and make suggestions on major investment and financing plans which are subject to the approval of the Board as provided in the Articles of Association;

- to study and make suggestions on major capital operations and asset management projects which are subject to the approval of the Board as provided in the Articles of Association;

- to study and make suggestions on other major issues that may affect the development of our Company;
- to inspect the implementation of the above matters; and
- other matters authorized by the Board.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Audit Committee consists of three non-executive Directors, namely Mr. Sun Jianqiang, Mr. Wang Yaping and Ms. Hong Ting. Each of Mr. Sun Jianqiang and Ms. Hong Ting holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. Mr. Sun Jianqiang serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- to review our compliance, accounting policies and financial reporting procedures;
- to supervise the implementation of our internal audit system;
- to advise on the appointment or replacement of external auditors;
- to liaise between our internal audit department and external auditors; and
- other responsibilities as authorized by our Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with paragraph E.1 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Wang Yaping, Mr. Sun Jianqiang and Mr. Li Huiying. Mr. Wang Yaping serves as the chairman of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

- to formulate remuneration plans or programs, policies and structures and establish formal and transparent procedures for the formulation of the aforesaid remuneration plans or programs based on the major scope, duties and responsibilities, importance of the management positions of the directors and senior management, as well as the remuneration levels of the relevant positions in other relevant enterprises;

- to review and approve the management's remuneration proposals in accordance with the corporate policies and objectives set by the Board;

- to make recommendations to the Board on the remuneration of Directors and senior management;

- to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with the relevant contractual terms; and

- other matters as stipulated by the laws, administrative regulations, the securities regulatory rules of the place(s) where the Shares are listed, and the Articles of Association.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Mr. Wang Yaping, Ms. Hong Ting and Mr. Li Zonghao. Mr. Wang Yaping serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- to review the structure, size and composition of the Board annually, and advising on any changes of the Board proposed in accordance with the strategies of our Company;

- to identify, select or make recommendations to our Board on the selection of individuals nominated for directorships;

- to make recommendations to the Board on relevant matters relating to the appointment and re-appointment of our Directors;

- to assess the independence of independent non-executive Directors; and

- other responsibilities as authorized by our Board.

BOARD DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, legal, engineering and accounting. Our independent non-executive Directors have solid experiences in the fields of accounting, auditing and legal, representing more than one-third of the members of our Board. Our Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from 39 years old to 61 years old and comprises two female Directors and five male Directors.

We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our Nomination Committee will review the Board Diversity Policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

CONFIRMATION UNDER THE LISTING RULES

Each of our Directors has confirmed that he/she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 13 June 2025 and (ii) understood his/her obligations as a director of a listed issuer.

Further, each of our independent non-executive Directors has confirmed:

(a) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules;

(b) he/she has no past or present financial or other interest in the business of our Group or any connection with any core connected person of our Company, if any; and

(c) that there are no other factors that may affect the independent non-executive Director's independence at the time of his/her appointment.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management receive their remuneration in the form of Directors' salary and allowances, contributions to our retirement benefit scheme, discretionary bonuses and other benefits in kind (if applicable).

For the three years ended 31 December 2024 and the ten months ended 31 October 2025, the total remuneration paid to our then Directors amounted to approximately RMB2.6 million, RMB3.4 million, RMB3.8 million and RMB2.5 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors and in kind for their service for the year ending 31 December 2025 to be approximately RMB4.1 million. The actual remuneration of Directors in 2025 may be different from the expected remuneration.

For the three years ended 31 December 2024 and the ten months ended 31 October 2025, the total emoluments paid to the five highest paid individuals (excluding Directors) by our Group amounted to approximately RMB2.3 million, RMB3.7 million, RMB1.7 million and 2.6 million, respectively.

For the three years ended 31 December 2024 and the ten months ended 31 October 2025, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. During the Track Record Period, no remuneration was paid by the Company to the Directors or the five highest-paid individuals as an inducement to join or upon joining the Company. No compensation was paid to by the Company, or receivable by, the Directors or former Directors of our Company or the five highest paid individuals for the loss of office as director or supervisor of any member of our Group or for loss of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, none of the Directors waived their remuneration during the relevant period. The remuneration of Directors and senior management is determined with reference to factors including operating results of our Company, market comparables and the achievement of major operating indicators of our Company.

RESIGNATION AND RETIREMENT OF DIRECTORS DURING THE TRACK RECORD PERIOD

During the Track Record Period, Mr. Zhang Shide and Ms. Liu Shuyan resigned from their directorships due to personal reasons; and Mr. Luo Fukai and Ms. Ding Naixiu retired from their directorships after completing their respective terms of office. As confirmed by the Directors of the Company, there were no disputes or disagreements with any of the departing directors.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

As a joint stock company incorporated in the PRC with our A shares listed on the Shenzhen Stock Exchange, we maintain a centralized management and control in the PRC. The decision-making processes, and the coordination and management of the implementation of the corporate matters are conducted by our Directors and management team from its PRC headquarters. The business activities of our Group's subsidiaries in the PRC, Hong Kong and overseas are managed, monitored, and approved/disapproved by the Company from its PRC headquarters. Through our Group's centralized management system, our Directors and senior management have full and timely access to books and records regarding our Group's operations outside of the PRC. The principal books and records of our Company are also located and maintained in the PRC.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor (the "**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [**REDACTED**] Date and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**] Date.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**], Mr. Wang, Ms. Xu and Xinghao Investment will hold an aggregate of approximately [**REDACTED**] of the issued share capital of our Company (including the treasury shares).

Xinghao Investment is owned as to 83.30% by Ms. Xu, while Mr. Wang and Ms. Xu are the spouse of each other. By virtue of the SFO, Mr. Wang and Ms. Xu are deemed to be interested in all the Shares held by each other.

Accordingly, Mr. Wang, Ms. Xu and Xinghao Investment are regarded as a group of controlling shareholders of the Company within the meaning of the Listing Rules.

Minority Shareholders of Xinghao Investment

Xinghao Investment is owned as to 83.30% by Ms. Xu. The remaining 16.70% equity interest is held by six individuals, whose equity interests in Xinghao Investment range from 0.60% to 4.50% (the "**Minority Shareholders**"). Xinghao Investment was established as a shareholding platform to incentivise and motivate certain key personnel of the Group, and each of the Minority Shareholders is a current or former director and/or key personnel of the Group. Ms. Xu, as the spouse of Mr. Wang and a Controlling Shareholder, holds a majority interest in Xinghao Investment in order to maintain control and stability over the shareholding platform, and to ensure that the operational decisions of Xinghao Investment remain consistent with the Group's overall objectives and strategies. The Minority Shareholders are not regarded as controlling shareholders of our Group, as the Minority Shareholders are unable to exercise control over Xinghao Investment (whether individually or collectively). Furthermore, Xinghao Investment is only considered to be a controlling shareholder of the Company by virtue of its affiliation with Ms. Xu and her spousal relationship with Mr. Wang. In terms of shareholding, as at the Latest Practicable Date, Xinghao Investment holds only 6.64% shareholding interest in the Company.

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**].

Management Independence

Our management and operational decisions are made by our Board and our senior management. Our Board comprises four executive Directors and three independent non-executive Directors. While one out of our seven Directors, namely Mr. Wang, is also our Controlling Shareholder, all of our other Directors and senior management team members possess relevant management and/or industry-related experience to act as Directors or senior management of the Company and to make management decisions independent from our Controlling Shareholders. Further details are set forth in the section headed "Directors and Senior Management".

Our Directors consider that our Board and senior management are able to perform the management role in our Group independent of our Controlling Shareholders for the following reasons:

(a) each Director is aware of his/her fiduciary duties as a Director which require, amongst others, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) in the event that any Director or any of his/her close associates has a material interest in any transaction or arrangement or there is an actual or potential conflict of interest arising out of any transaction or arrangement to be entered into between our Group and any of our Directors or their respective associates, such Director(s) shall fully disclose such matters to our Board and abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum. Our Group has also adopted certain corporate governance measures for situations involving conflict of interests, details of which are set out in the paragraph headed "Corporate Governance Measures" in this section;

(c) three out of seven Directors are independent non-executive Directors with extensive experience in various professions. They are appointed pursuant to the requirements of the Listing Rules, who will bring independent judgment to the decision-making process of our Board;

(d) connected transactions between our Group and our Controlling Shareholders are subject to the rules and regulations under the Listing Rules including the rules relating to annual reporting, review, announcement, circular and independent shareholders' approval (where applicable); and

(e) our Board's main functions include the approval of our Group's overall business plans and strategies, monitoring the implementation of such business plans, strategies and policies, and the management of our Company. Our Board acts collectively by majority decisions in accordance with the Articles and the applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board.

Operational Independence

We have established our own organisational structure consisting of individual departments with different functions for, among others, sales, operations, marketing and after-sales services. Each department is assigned specific areas of responsibility. We have implemented a set of internal control mechanisms to enhance the efficiency of our business operations. In addition to our sufficient assets, capital and employees, we have obtained and possess all relevant licenses, permits, approvals and intellectual properties required to conduct our business independently. Furthermore, we have independent access to our suppliers and customers.

Based on the above, our Directors are of the view that our Group can operate independently of our Controlling Shareholders and their close associates upon [**REDACTED**].

Financial Independence

Our financial management department is responsible for handling the major finance operations of our Group and is capable of making financial decisions independently according to our own business needs. We manage our bank accounts independently, and do not share any bank accounts with our Controlling Shareholders or their close associates. In addition, we have sufficient capital to operate our business independently and have adequate internal resources to support our daily operations.

During the Track Record Period, our Controlling Shareholders provided guarantees for certain of our bank borrowings. As at the Latest Practicable Date, such guarantees have been released.

RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders, our Directors and their respective close associates confirm that they do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. We recognise the importance of good corporate governance in the protection of our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted towards the quorum in the voting;

(b) our Group has established internal control mechanisms to identify connected transactions. Our Company will comply with the requirements in relation to connected transactions under the Listing Rules upon [**REDACTED**];

(c) we are committed that our Board should include a balanced composition of executive and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, please see "Directors and Senior Management — Directors" in this document;

(d) our Board will operate in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested except as permitted by the Articles;

(e) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(f) we have appointed Somerley Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and internal controls.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**], the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of interest	Description of Shares	Number of Shares as at the Latest Practicable Date	Approximate percentage of interest in our Company as of the Latest Practicable Date[(2)]	Number of Shares immediately after the [REDACTED]	Approximate percentage of interest immediately after the [REDACTED][(2)]
Mr. Wang . . .	Beneficial interest and interest of spouse[(1)]	A Shares	153,000,000	56.41%	[**REDACTED**]	[**REDACTED**]%
Ms. Xu	Beneficial interest, interest in controlled corporation and interest of spouse[(1)]	A Shares	153,000,000	56.41%	[**REDACTED**]	[**REDACTED**]%

Notes:

1. As of the Latest Practicable Date, Mr. Wang, Ms. Xu and Xinghao Investment directly held 126,000,000 A Shares, 9,000,000 A Shares and 18,000,000 A Shares, respectively. Xinghao Investment is controlled and held as to 83.30% by Ms. Xu. By virtue of the SFO, Ms. Xu is deemed to be interested in all the Shares held by Xinghao Investment. Mr. Wang and Ms. Xu, are in a spousal relationship. By virtue of the SFO, they are deemed to be interested in all the Shares held by each other.

(2) Treasury shares of the Company have been included for the purpose of calculation of the shareholding percentages.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following the completion of the [**REDACTED**], have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE PLEDGES BY MR. WANG

As at the Latest Practicable Date, Mr. Wang has pledged 32,520,000 A Shares for financing needs, representing approximately 11.99% of the total issued share capital of our Company (including treasury shares) as security in favour of certain PRC financial institutions regulated by the CSRC (the "**Share Pledges**"). The expiry dates of the Share Pledges range from March 2026 to March 2028.

The Share Pledges are subject to certain material covenants such as periodic update on use of funds obtained under the Share Pledges, margin close-out and loan-to-share ratio.

Mr. Wang has confirmed that, if any circumstances arise which results in a margin call or top-up mechanism being triggered under any of the Share Pledges, Mr. Wang shall take all necessary actions, such as provision of additional collateral/and repayment of the relevant indebtedness, to prevent the enforcement of the pledged A Shares. Mr. Wang will only pledge additional Shares to the extent permissible under the Listing Rules and the applicable rules of the Shenzhen Stock Exchange and further announcement(s) will be made by the Company as and when appropriate and required under the Listing Rules and the applicable rules of the Shenzhen Stock Exchange.

Mr. Wang possesses the financial strength and liquidity to discharge his indebtedness secured by the Share Pledges. To the best knowledge of our Directors having made all reasonable enquiries, there has not been any adverse credit records against Mr. Wang in respect of any breach of repayment obligations under his indebtedness. As at the Latest Practicable Date, there have been no defaults, no disputes and no litigation or arbitration cases in relation to the Share Pledges.

As advised by our PRC Legal Advisers, taking into account Mr. Wang's overall credit standing, contract performance capabilities and strong risk tolerance, the risk of Mr. Wang failing to discharge his contractual obligations, which could result in the enforcement of the Share Pledges, is low. Based on the independent due diligence conducted and as advised by the PRC Legal Advisers, the Sole Sponsor concurs the view of the PRC Legal Advisers on the likelihood of enforcement of the Share Pledges.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was 271,250,000 A Shares of nominal value of RMB1.00 each, which are all listed on the main board of the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Approximate percentage of issued share capital
A Shares in issue[(1)]	271,250,000	100%

Note:

(1) Including 6,250,000 A Shares repurchased and held in our Company's share repurchase account as treasury shares (assuming no changes are made to the number of repurchased shares held in our Company's share repurchase account between the Latest Practicable Date and [**REDACTED**]).

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**], the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of issued share capital
A Shares in issue[(1)]	271,250,000	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%[(2)]
Total	[**REDACTED**]	100%

Notes:

(1) Including 6,250,000 A Shares repurchased and held in our Company's share repurchase account as treasury shares (assuming no changes are made to the number of repurchased shares held in our Company's share repurchase account between the Latest Practicable Date and [**REDACTED**]).

(2) The percentage of H Shares to be [**REDACTED**] excluding the treasury shares shall be [**REDACTED**]%. This is calculated on the basis that the total number of issued shares excluding the 6,250,000 A Shares treasury shares shall be [**REDACTED**] Shares. The total number of H Shares to be issued shall be [**REDACTED**] Shares, representing [**REDACTED**]% of our total issued Shares immediately following the [**REDACTED**] (excluding treasury shares).

(3) For the purpose of the [**REDACTED**] analysis, the total issued share capital of our Company exclude the 6,250,000 A Shares held by our Company as treasury shares, the total number of H Shares held by the public represents approximately [**REDACTED**]% of our total issued Shares upon the [**REDACTED**] (excluding treasury Shares). For details of the public float analysis, please refer to "History and Corporate Structure — Public Float" in this document.

OUR SHARES

Upon completion of the [**REDACTED**], the Shares will consist of A Shares and H Shares. The A shares and H Shares are all ordinary Shares in the share capital of our Company and are considered as one class of shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by Mainland Chinese [**REDACTED**], qualified foreign institutional [**REDACTED**] or qualified foreign strategic [**REDACTED**] and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be [**REDACTED**] for or [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] and qualified domestic institutional [**REDACTED**]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by mainland Chinese [**REDACTED**] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on 6 June 2025 and is subject to the following conditions:

1. Size of the [REDACTED]

The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**] of the total issued share capital as enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] before the exercise of any [**REDACTED**]. The number of H Shares to be issued pursuant to the full exercise of any [**REDACTED**] shall not exceed [**REDACTED**] of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

2. Method of [REDACTED]

The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional [**REDACTED**] and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

3. Target [REDACTED]

The H Shares shall be [**REDACTED**] to public [**REDACTED**] in Hong Kong under the [**REDACTED**] and international [**REDACTED**], qualified domestic institutional [**REDACTED**] in mainland China and other [**REDACTED**] who are approved by mainland Chinese regulatory bodies to invest abroad in [**REDACTED**].

4. [REDACTED] basis

The issue price of the H Shares will be determined, among others, after due consideration of the interests of existing shareholders of our Company, acceptance of [**REDACTED**] and the risks related to the [**REDACTED**], according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

5. Validity period

The issue of H Shares and [**REDACTED**] of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the shareholders' meeting was held on 6 June 2025.

There is no other approved [**REDACTED**] plans for our Shares except the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our shareholders' general meeting is required, see "Summary of Articles of Association of the Company — Shareholders and General Meetings" in Appendix V to this document.

You should read this section in conjunction with our consolidated financial information as set out in Appendix I to this document. The consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in "Risk Factors".

OVERVIEW

We are a PRC-based supplier of new chemical materials and upstream and downstream products derived from gelatin and collagen. Serving the chemical industry and the health and wellness industry, we primarily engage in the R&D, production, and sales of our products. For our chemicals segment, our customers include manufacturers from downstream industries (such as automobiles, new energy and home appliances) and supply chain solution providers of downstream manufacturers. For our health and wellness segment, our customers mainly include medical and pharmaceutical manufacturers who use our products as raw materials for their production of downstream products such as supplements and medicines.

During the Track Record Period, we experienced strong growth. Our revenue increased from RMB13,406.4 million in FY2022 to RMB17,438.8 million in FY2023, and has further increased to RMB19,187.5 million in FY2024, representing a compound annual growth rate (CAGR) of 19.6%. Our revenue increased from RMB15,863.1 million in 10MFY2024 to RMB17,443.9 million in 10MFY2025, representing an increase of 10.0%. For FY2023, FY2024, and 10MFY2025, our sales increased by 30.1%, 10.0%, and 10.0% year-on-year/period-on-period, respectively. As the primary downstream application of our products is in the household appliance sector during the Track Record Period, which is a relatively mature market with intensive competition, we have adopted a relatively competitive pricing strategy for our customers in such sector to safeguard our market position and sales volume, which in turn slowed down the pace of our overall sales growth in FY2024 and 10MFY2025 as compared with FY2023. We will continue to cultivate innovation through research and development, broaden our product portfolio, and expand downstream applications of our products to promote sales growth.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards are effective for the accounting period beginning on 1 January 2024, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarized in note 4 to "Appendix I — Accountants' Report" to this document. These policies have been consistently applied to all the reporting periods presented in the Historical Financial Information, unless otherwise stated.

KEY FACTORS AFFECTING OUR OPERATION RESULTS

During Track Record Period, the following factors significantly affected our results of operations and financial condition:

Prices of our raw materials

The majority of our cost of sales consist of raw materials, which include: (i) resins for our chemicals segment; and (ii) bones pellets for our health and wellness segment. In FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, our total raw material costs are approximately RMB11,035.0 million, RMB14,424.9 million, RMB15,970.5 million, RMB13,306.7 million and RMB14,234.7 million respectively, accounting for 93.3%, 91.1%, 90.8%, 91.3% and 91.1% of our total cost of sales, respectively. The raw materials used in our production are subject to price volatility caused by external conditions, such as changes in market supply and demand, fluctuations in commodity prices, changes in government policies and natural disasters. If we are not able to pass the increased raw materials costs on to our customers due to competitive pressure, or our profitability may be adversely affected.

We procure the majority of our raw materials from local suppliers in the PRC, and our production relies on maintaining strong relationships with these existing suppliers. If we are unable to reach acceptable terms with our suppliers, this could negatively impact our operations, revenue, and profitability.

Competition and pricing

We face competition in the chemicals industry and the health and wellness industry. We believe the key factors affecting our competitiveness in those markets are market experience, brand recognition, product range, manufacturing scale, cost efficiency, access to financial resources, capabilities in respect of sales and marketing, manufacturing, research and development or technological resources, and competitive pricing. We believe that we have a number of competitive advantages due to our technological strengths, high quality and affordable products, close relationships with customers, extensive sales, marketing and after-sales service network and strong brand recognition. However, increasing competition or the failure to maintain a competitive advantage may have a negative impact on our operating performance.

Our pricing directly affects our revenues, gross profit margins and operating performance. In pricing our products, we take into account many factors such as the current cost of raw materials and other costs, market demand, customer background and our cooperative relationships with customers, as well as the price of similar products in the market, the complexity of production and other factors.

Market demand and economic environment

The growth of chemicals industry and the health and wellness industry and the overall economic expansion are the key drivers of demand for our products. According to a report published by Frost & Sullivan, nominal GDP for PRC grew from RMB101.4 trillion in 2020 to RMB134.9 trillion in 2024, indicating a CAGR of 7.4%. Similarly, the market size of Chinese polymer materials industry and the health and wellness industry has continued to grow over the past few years, with a CAGR of 10.1% and 8.0%, respectively, showing a trend of rapid growth.

Any adverse change in the growth trajectory of the market or the broader economy could adversely affect the market demand for our products and have a material impact on our operating performance.

MATERIAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION

Some of our accounting policies require us to apply estimates and assumptions, as well as complex judgments, to accounting items. The estimates, assumptions and judgments we apply in applying the accounting policies materially affect our financial position and operating performance. Such estimates, assumptions and judgments are continuously evaluated by our management based on past experience and other factors. During the Track Record Period, there have been no material deviations between management's estimates or assumptions and actual results. We have not made any material changes to such estimates or assumptions. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set out below are those accounting policies that we believe to be material to or involving the most significant estimates, assumptions and judgments that we have used in the preparation of our financial statements. Details of the accounting policies, estimates, assumptions and judgments that are material to an understanding of our financial position and results of operations are set out in notes 4 and 5 to "Appendix I — Accountants' Report" to this document.

Revenue recognition

We recognized revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers. A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by our Group's performance as our Group performs;

(b) our performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) our performance does not create an asset with an alternative use to us and our Group has an enforceable right to payment for performance completed to date.

If our performance obligation is not satisfied over time, we satisfies the performance obligation at a point in time when the customer obtains control of the distinct goods or service.

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period (if applicable), to the net carrying amount of the financial asset.

Property, plant, equipment and depreciation

Property, plant and equipment (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to allocate the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives or the principal annual rates of items of property, plant and equipment are as follows:

	Useful life
Plant and buildings	20-40 years
Machinery and equipment	5-20 years
Furniture and fixtures	3-14 years
Motor vehicles	4-10 years

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are calculated using the weighted average method. Net realizable value of inventories represents the estimated selling price less the estimated costs of completion and costs necessary to make the sale.

Intangible assets

R&D expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized only if all of the following are verified:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) The intention to complete and use or sell intangible assets;

(c) The ability to use or sell intangible assets;

(d) The probable future economic benefits that will be generated from the intangible assets;

(e) There are adequate technical, financial and other resources to complete the development and use or sale of the intangible asset; and

(f) The ability to reliably measure the expenditure attributable to the intangible asset during the development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately. Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Controls in subsidiaries

Dongbao Bio-Tech is a subsidiary of our Group even though our Group has only a 21.18% ownership interest and has only 21.18% of the voting rights in Dongbao Bio-Tech and as at 31 December 2022, 2023, 2024 and as at 31 October 2025, the remaining 78.82% of the ownership interests are held by numerous shareholders that are independent to our Group at the end of each reporting period during the Track Record Period. Dongbao Bio-Tech is a public limited company incorporated in Neimenggu Province of PRC and its shares are listed on the Shenzhen Stock Exchange.

Our Directors assessed our Group's control over Dongbao Bio-Tech on the basis of its practical ability to direct the relevant activities unilaterally. In making their judgement, our Directors consider that the Group is the single largest shareholder of Dongbao Bio-Tech and holds significantly more voting rights than any other vote holder or organised group of vote holders, and the other shareholdings are widely dispersed, so the Group has control over Dongbao Bio-Tech.

Impairment of trade and bills receivables

The impairment provisions for trade and bills receivables are based on assumptions about expected credit losses. We use judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as our historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially effect the result of assessment and it may be necessary to make additional impairment loss to the consolidated statement of profit or loss and other comprehensive income.

Write-down of Inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, changes in customer taste and competitor actions in response to severe industry cycle. Our management reassesses these estimates at each financial year end.

Estimated of impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment (if any). In determining whether an asset is impaired, we have to exercise judgments and estimates. In particular, we assess: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows estimated on the basis of a continued use of the asset; and (3) the appropriate key assumptions (including cash flow projections and appropriate discount rate) to be applied for estimating recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, we will estimate the recoverable amount of the cash-generating unit to which the assets belongs.

RESULTS OF OPERATIONS

The following table summarizes the consolidated statements of profit or loss and other comprehensive income during the Track Record Period, details of which are set out in "Appendix I — Accountants' Report" to this document.

	FY2022	FY2023	FY2024	10MFY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	13,406,440	17,438,779	19,187,511	15,863,106	17,443,865
Cost of sales	(11,826,476)	(15,838,017)	(17,595,339)	(14,580,724)	(15,632,844)
Gross Profit	1,579,964	1,600,762	1,592,172	1,282,382	1,811,021
Other income, gains and losses, net	16,245	46,909	337,522	189,095	95,708
Selling and distribution expenses	(90,955)	(122,354)	(135,046)	(106,515)	(115,107)
Administrative expenses	(231,085)	(253,707)	(252,315)	(190,949)	(253,875)
Research and development expenses	(386,387)	(566,257)	(591,284)	(446,219)	(548,933)
Finance costs	(100,876)	(122,742)	(144,568)	(112,756)	(151,781)
Share of result of a joint venture	–	–	(5,414)	(2,755)	(14,604)
Share of results of associates	(1,688)	(4,678)	(3,992)	(2,997)	(2,544)
Profit before tax	785,218	577,933	797,075	609,286	819,885
Income tax expense	(60,858)	(38,323)	(76,489)	(65,182)	(98,902)
Profit for the year/period	724,360	539,610	720,586	544,104	720,983
Attributable to the following parties:					
– Owners of the Company	663,412	471,478	685,232	508,326	712,646
– Non-controlling Interest	60,948	68,132	35,354	35,778	8,337
	724,360	539,610	720,586	544,104	720,983

Key Components of Operating Results

Revenue

During the Track Record Period, the majority of our revenue was generated from sales in Mainland China, which accounted for approximately 98.6%, 99.1%, 98.4%, 98.4% and 98.6% of our total revenue in FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. Our revenues were generated from (i) the chemicals segment and (ii) the health and wellness segment.

Revenues by types of goods or service

The following table provides the breakdown of our revenues by type of product or service during the Track Record Period:

	FY2022		FY2023		FY2024		10MFY2024		10MFY2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chemicals										
Green petrochemical materials	1,195,790	8.9	3,059,177	17.5	3,869,138	20.2	3,126,005	19.7	3,906,284	22.4
Organic polymer composite materials	1,995,218	14.9	2,757,256	15.8	3,175,422	16.5	2,814,821	17.7	3,173,907	18.2
Organic polymer modified materials	7,597,487	56.7	9,744,718	55.9	10,324,910	53.8	8,355,511	52.7	8,832,676	50.6
Others *(note 1)*	1,674,548	12.5	903,116	5.2	965,465	5.1	865,372	5.5	928,475	5.3
Subtotal	12,463,043	93.0	16,464,267	94.4	18,334,935	95.6	15,161,709	95.6	16,841,342	96.5
Health and Wellness										
Gelatin, collagen and their derivatives *(note 2)*	652,892	4.9	662,452	3.8	483,574	2.5	403,104	2.5	271,570	1.6
Empty capsules	284,999	2.1	307,963	1.8	366,635	1.9	291,170	1.8	329,701	1.9
Others *(note 3)*	5,506	0.0	4,097	0.0	2,367	0.0	7,122	0.0	1,252	0.0
Subtotal	943,397	7.0	974,512	5.6	852,576	4.4	701,396	4.4	602,523	3.5
Total	13,406,440	100.0	17,438,779	100.0	19,187,511	100.0	15,863,106	100.0	17,443,865	100.0

Note 1: Revenue from others of chemicals segment mainly included sales of chemical raw materials we purchased from third-party suppliers to our customers. As part of our dynamic inventory management and to satisfy needs of our customers who are manufacturers in different industries and may need the same chemical raw materials for their production, depending on the market prices of raw materials, we may sell our inventory to our customers. For FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, such sales amounted to RMB1,669.2 million, RMB896.1 million, RMB957.2 million, RMB858.7 million and RMB918.0 million, respectively.

Note 2: Include (i) raw materials products, such as gelatin, collagen peptides supplied to B2B customers who are manufacturers in downstream industries, such as pharmaceutical, medical and healthcare product manufacturers, and (ii) B2C products such as collagen-based health supplements, nutritional and wellness products as well as skincare products, targeting end consumers.

Note 3: Revenue from others of health and wellness industry segment included leasing income derived from letting out part of our obsolete factory in Qingdao owned by Yiqing Bio-tech.

Sales volume and average selling price by products

The table below sets forth the sales volume and average selling price of different categories of our products for the years/periods indicated:

	FY2022		FY2023		FY2024		10MFY2024		10MFY2025	
	Sales volume	Average selling price[1]	Sales volume	Average selling price[1]	Sales volume	Average selling price[1]	Sales volume	Average selling price[1]	Sales volume	Average selling price[1]
							(unaudited)			
Chemicals										
Green petrochemical materials	134,326	8,902	378,385	8,085	446,415	8,667	359,744	8,690	495,634	7,881
Organic polymer composite materials	173,981	11,468	284,069	9,706	349,551	9,084	310,676	9,060	378,164	8,393
Organic polymer modified materials	655,813	11,585	996,417	9,780	1,063,206	9,711	858,878	9,728	969,416	9,111
Health and Wellness										
Gelatin and collagen	10,008	56,562	9,649	61,801	7,279	55,222	5,802	57,002	4,383	48,419
Empty Capsules	2,366,058	120	2,436,595	126	2,881,684	127	2,289,574	127	2,760,667	119

Notes:

1. Average selling price is calculated by dividing the revenue by sales volume of the relevant product category in the same year/period.

2. Products in the chemicals segment were sold in tonnes and unit of average selling price is RMB per ton. In the health and wellness segment, gelatin and collagen were also sold in tons and the unit of average selling price is RMB per ton. In the health and wellness segment, empty capsules were sold in 10,000 capsules, and the unit of average selling price is RMB per 10,000 capsules.

The sales volume of green petrochemical materials of our chemicals segment were 134,326 tons, 378,385 tons, 446,415 tons, and 495,634 tons for FY2022, FY2023, FY2024 and 10MFY2025, respectively. The increase in sales volume in FY2023 was primarily attributable to the increase in orders of polystyrene materials, following the commencement of production of polystyrene project at first phase of our green petrochemical base in Zhejiang (Zhoushan). The growth in sales volume in FY2024 and 10MFY2025 was primarily driven by the increased sales volume of polystyrene and polypropylene materials, which was mainly due to that (i) for polystyrene polymerization industry, we have further strengthened our efforts in research and development and marketing of materials for household appliances and food packaging, in particular, the development of high transparency and low temperature resistant injection — grade general-purpose polystyrene (GPPS) materials and high gloss injection-grade high impact polystyrene (HIPS) materials specifically engineered for refrigerator interiors and TV light diffuser plate materials; and (ii) for polypropylene synthesis related industries, we have strengthened our research and development of low-odor, low-VOC, high-transparency, food-grade, and antibacterial materials to meet the demands of high-end projects in the

automotive and household appliance sectors. The average selling price of green petrochemical materials were RMB8,902/ton, RMB8,085/ton, RMB8,667/ton, and RMB7.881/ton for FY2022, FY2023, FY2024 and 10MFY2025, respectively. According to Frost & Sullivan, the market prices of key raw materials for green petrochemical products, such as styrene monomer declined in FY2023, experienced a rebound in FY2024, and continued to decline in 10MFY2025. The average selling price of green petrochemical products were primarily affected by supply and demand and cost of major raw materials. In general, the trend of average selling price of green petrochemical products was in line with the trend of cost of major raw materials.

The sales volume of organic polymer composite materials of our chemicals segment were 173,981 tons, 284,069 tons, 349,551 tons, and 378,164 tons for FY2022, FY2023, FY2024, and 10MFY2025, respectively. The sales volume increased in FY2023, primarily attributable to our enhanced efforts in expanding our client bases in Guangdong Province, Sichuan Province, and Chongqing City in the household appliances, automotive and new energy sectors. Our sales volume increased in FY2024 and 10MFY2025, primarily attributable to strengthened collaborations with existing customers, leading to increase in sales volume attributable to those customers. The average selling price of this type of materials were RMB11,468/ton, RMB9,706/ton, RMB9,084/ton, and RMB8,393/ton for FY2022, FY2023, FY2024, and 10MFY2025, respectively. According to Frost & Sullivan, the market prices of major resin raw materials for organic polymer composite materials showed a downward trend since FY2022. The average selling price of organic polymer composite materials was primarily affected by supply and demand, as well as market price of raw materials. In general, the decline in average selling price of organic polymer composite materials was in line with the changes in market price of major resin raw materials.

The sales volume of organic polymer modified materials of our chemical segment were 655,813 tons, 996,417 tons, 1,063,206 tons, and 969,416 tons for FY2022, FY2023, FY2024, and 10MFY2025, respectively. The increase in sales volume in FY2023 was primarily driven by our increased efforts in expanding our customer base in Guandong Province in household appliance, new energy and consumer electronic sectors. The growth of our sales volume in FY2024 and 10MFY2025 was primarily attributable to our strengthened collaboration with existing customers, which resulted in an increase in sales volume contributed from those customers. The average selling price of organic polymer modified materials were RMB11,585/ton, RMB9,780/ton, RMB9,711/ton, and RMB9,111/ton for FY2022, FY2023, FY2024, and 10MFY2025, respectively. According to Frost & Sullivan, the market prices of major resin raw materials for organic polymer modified materials showed a downward trend since FY2022. The average selling prices of organic polymer modified materials was primarily affected by supply and demand, as well as market price of raw materials. In general, the decline in average selling price of organic polymer composite materials was in line with the changes in market price of major resin raw materials.

The sales volume of gelatin and collagen of our health and wellness segment were 10,008 tons, 9,649 tons, 7,279 tons and 4,383 tons for FY2022, FY2023, FY2024, and 10MFY2025, respectively. The sales volume remained relatively stable in FY2023. The decrease in sales volume in FY2024 and 10MFY2025, was primarily attributable to destocking by some of our customers in the pharmaceutical industry, which led to a decrease in drug price and reduced market demand for gelatin products. The average selling prices of gelatin and collagen of our health and wellness segment were RMB56,562/ton, RMB61,801/ton, RMB55,222/ton, and RMB48,419/ton for FY2022, FY2023, FY2024, and 10MFY2025, respectively. In FY2023, the average selling price of gelatin and collagen increased due to increase in the market price of bone pellets, a major raw material. In FY2024 and 10MFY2025, the average selling price declined due to reduced demand for gelatin products, as well as intensified market competition.

The sales volume of empty capsules of our health and wellness segment were 23,660.6 million capsules, 24,366.0 million capsules, 28,816.8 million capsules, and 27,606.7 million capsules for FY2022, FY2023, FY2024, and 10MFY2025, respectively. Our sales volume of empty capsules increased in FY2023, benefiting from the developments of downstream pharmaceutical industry, the growing demand for empty capsules, as well as our strengthened marketing efforts, as we participated in various exhibitions. The growth in sales volume in FY2024, was primarily attributable to expansion of overseas markets and increase in export sales volume, which led to increase in overall sales volume. Our sales volume increased in 10MFY2025, as we continue to enhance our marketing efforts. The average selling price of empty capsules remained relatively stable at RMB120 per 10,000 capsules, RMB126 per 10,000 capsules, RMB127 per 10,000 capsules, and RMB119 per 10,000 capsules for FY2022, FY2023, FY2024, and 10MFY2025, respectively. The decrease in average selling price of empty capsules for 10MFY2025 was primarily attributable to the decrease in market price of gelatin.

Comparison of Revenue in FY2023 and FY2022

Our revenue increased by 30.1%, or RMB4,032.4 million, from RMB13,406.4 million in FY2022 to RMB17,438.8 million in FY2023, as a result of increased sales from (i) the chemicals segment by 32.1% or RMB4,001.2 million, and (ii) the health and wellness segment by 3.3% or RMB31.1 million.

Chemicals segment

- Our revenue from the chemicals segment increased by 32.1%, or RMB4,001.2 million, driven by higher sales volumes. The significant increase in the sales volume of our green petrochemical materials was mainly due to (i) the commencement of production at the first phase of our green petrochemical base in Zhejiang (Zhoushan) in 2023; and (ii) higher product sales penetration rate and substantial growth in the chemicals segment, achieved through the implementation of proactive measures to establish regional cluster industry production base from point to area (以點帶面式產業集群生產基地), which facilitated a strategic layout for the segment.

Chemical Segment — Green petrochemical materials

- Our revenue from green petrochemical materials increased by RMB1,863.4 million or 155.8%, primarily due to (i) the commencement of production of first phase of polystyrene project at our green petrochemical base in Zhejiang (Zhoushan) in FY2023 and favorable sales conditions during the same year, the sales volume of our green petrochemical, polystyrene material increased by 165,443 tons; and (ii) the commencement of production and sales of our Rizhao green petrochemical base during the second half of FY2022, consequently, our sales volume increased by 53,757 tons in FY2023. As a result, the sales volume of green petrochemical materials products during in FY2023 saw a significant increase of 181.7%, from 134,326 tons in FY2022 to 378,385 tons in FY2023; meanwhile, affected by the decline in prices of key raw materials such as styrene monomer, the average selling price of green petrochemical materials products decreased by 9.2%, from RMB8,902/ton in FY2022 to RMB8,085/ton in FY2023. As a result of the above factors, revenue from green petrochemical materials products increased significantly by 155.8% or RMB1,863.4 million, from RMB1,195.8 million in FY2022, to RMB3,059.2 million in FY2023 due to significant increase in sales volume, partially offset by decrease in average selling price.

Chemical Segment — Organic polymer composite materials

- Our revenue from organic polymer composite materials increased by RMB762.1 million or 38.2%, primarily due to increase in sales from Pearl River Delta and central-western regions in China by RMB456.0 million, as we further expanded our customer base in Guangdong Province, Sichuan Province, and Chongqing City in household appliances, automotive and new energy sectors, in addition, the broadening of downstream application fields, and growing demand from existing customers also contributed to the increase in revenue. By reason of these factors, sales volume of organic polymer composite materials products increased significantly by 63.3% from 173,981 tons in FY2022 to 284,069 tons in FY2023; meanwhile, affected by the decline in market price of certain resin raw materials, the average selling price of polymer composite material products decreased by 15.4% from RMB11,468/ton in FY2022 to RMB9,706/ton in FY2023. By reason of the said factors, revenue from polymer composite material products increased substantially by 38.2%, or RMB762.1 million, from RMB1,995.2 million in FY2022 to RMB2,757.3 million in FY2023, due to significant increase in sales volume, partially offset by decrease in average selling price.

Chemical Segment — Organic polymer modified materials

- Our revenue from organic polymer composite materials increased by RMB2,147.2 million or 28.3%, primarily driven by increase in sales from Pearl River Delta region by RMB1,853.7 million, as we further expanded our client base in Guangdong Province in household appliance, new energy and consumer electronic sectors; in

addition, the broadening of downstream application fields, and the development of demand from existing customers also contributed to the growth in revenue. By reason of these factors, the sales volume of organic polymer modified materials products increased significantly by 51.9%, from 655,813 tons in FY2022 to 996,417 tons in FY2023; meanwhile, affected by the decrease in market price of certain resin raw materials, the average selling price of organic polymer modified materials products declined by 15.6%, from RMB11,585/ton in FY2022 to RMB9,780/ton in FY2023. As a result of the above factors, revenue from organic polymer modified materials products rose substantially by 28.3%, or RMB2,147.2 million, from RMB7,597.5 million in FY2022 to RMB9,744.7 million in FY2023, due to significant increase in sales volume, partially offset by decrease in average selling price.

Chemical Segment — Others

- Our revenue from others of the chemical segment, which is not our key source of revenue decreased by RMB771.4 million or 46.1%. As part of our dynamic inventory management, we may sell our inventory of chemical raw materials to our customers that we purchased from independent third party suppliers, depending on our customers' needs and market prices of raw materials from time to time. Primarily due to fluctuations in raw material prices and decreased demand from certain customers, such sales of chemical materials produced by independent third parties declined, leading to a lower revenue from others.

Health and wellness

- Our revenue from the health and wellness segment increased by 3.3% or RMB31.1 million mainly due to favourable market trends in gelatin and downstream relevant business, and higher prices of gelatin, collagen and empty capsules.

Health and wellness — Gelatin, collagen and their derivatives

- Our revenue from Gelatin, collagen and their derivatives remained stable in FY2023. Benefiting from favorable market conditions in gelatin and related downstream business, our revenue from this type of product increased slightly by RMB9.6 million or 1.5% year-on-year.

Health and wellness — Empty Capsules

- Our revenue from empty capsules increased by RMB23.0 million or 8.1%, primarily due to changes in consumers' medication habits, which have made capsule formulations a popular pharmaceutical dosage form among consumers. Benefiting from the development of downstream pharmaceutical industry, our sales from downstream pharmaceutical companies increased, in addition, our strengthened participation in key industry exhibitions, as we step up our promotional efforts also

contributed to the further increase in revenue. By reason of these factors, sales volume of empty capsules increased by 3.0%, from approximately 23,660.6 million capsules in FY2022 to approximately 24,366.0 million capsules in FY2023; in addition, our average selling prices rose slightly by 5.0%, from RMB120 per 10,000 capsules in FY2022 to RMB126 per 10,000 capsules in FY2023. By reason of the said factors, revenue of empty capsule increased by 8.1% or RMB23.0 million, from RMB285.0 million in FY2022 to RMB308.0 million in FY2023, due to increase in sales volumes and slight increase in average selling price.

Health and wellness — Others

- Our revenue from others of health and wellness segment decreased by RMB1.4 million or 25.6%, primarily due to change in sales of wastes, which were generated during the selection of raw materials in production process.

Comparison of Revenue in FY2024 and FY2023

Our revenue increased by 10.0% or RMB 1,748.7 million from RMB17,438.8 million in FY2023 to RMB19,187.5 million in FY2024, primarily attributable to (i) increase in revenue from our chemical segment by 11.4% or RMB1,870.7 million, partially offset by (ii) decrease in revenue from our health and wellness segment by 12.5% or RMB121.9 million.

Chemical segment

- Our revenue from the chemicals segment increased by 11.4% or RMB1,870.7 million mainly due to higher sales volume. This growth was primarily attributable to (i) enhanced research and development and production efforts and market promotion activities focused on industries related to polystyrene and polypropylene polymerization at our green petrochemical production bases at Zhejiang (Zhoushan) and Jiangsu (Yizheng); and (ii) strengthened collaboration with existing customers, contributing to sustained growth in sales.

Chemical Segment — Green petrochemical materials

- Our revenue from green petrochemical materials increased by RMB809.9 million or 26.5%, primarily due to our strengthened research and development and production efforts for green petrochemical materials at our green petrochemical bases, including our base at Zhejiang (Zhoushan) and Jiangsu (Yizheng) and our increased marketing initiatives. In particular, (i) for polystyrene polymerization related industries, we further strengthened our research and development and marketing efforts for materials related to household appliances, and focused on the development of high transparency and low temperature resistant injection-grade GPPS materials and high gloss injection-grade HIPS materials specifically engineered for refrigerator interiors consequently, sales volume of our polystyrene materials increased by 61,969 tons; and (ii) for polypropylene synthesis related

industries, we strengthened our effort in research and development of low-odor, low-VOC, high-transparency, food-grade materials to meet the demands of high-end projects in the automotive and household appliance sectors, consequently, sales volume of our polypropylene materials increased by 30,362 tons. By reason of the above, in FY2024 the sales volume of green petrochemical material products rose significantly by 18.0%, from 378,385 tons in FY2023 to 446,415 tons in FY2024; meanwhile, affected by the rise in market price of major raw materials such as styrene monomer, the average selling price of green petrochemical materials products increased by 7.2%, from RMB8,085/ton in FY2023 to RMB8,667/ton in FY2024. By reason of the said factors, revenue from green petrochemical materials products increased substantially by 26.5% or RMB809.9 million, from RMB3,059.2 million in FY2023 to RMB3,869.1 million in FY2024, due to significant increase in sales volume and increase in average selling price.

Chemical Segment — Organic polymer composite materials

- Our revenue from organic polymer composite materials increased by RMB418.1 million or 15.2%, primarily due to our strengthened cooperation with existing customers, notably, revenue from customer B, customer D, customer G and customer H, our top five customers during the Track Record Period increased by RMB415.4 million. Our sales volume of organic polymer composite materials products increased significantly by 23.1%, from 284,069 tons in FY2023 to 349,551 tons in FY2024; meanwhile, affected by the decline in prices of certain resin raw materials, the average selling price of organic polymer composite materials products decreased by 6.4%, from RMB9,706/ton in FY2023 to RMB9,084/ton in FY2024. As a result of these factors, revenue from organic polymer composite materials products increased substantially by 15.2% or RMB418.1 million, from RMB2,757.3 million in FY2023 to RMB3,175.4 million in FY2024 due to increase in sales volume, partially offset by decrease in average selling price.

Chemical Segment — Organic polymer modified materials

- Our revenue from organic polymer modified materials increased by RMB580.2 million or 6.0%, primarily due to our strengthened cooperation with existing customers, notably, revenue from customer C and customer H, our top five customers during the Track Record Period increased by RMB530.2 million. Our sales volume of organic polymer modified materials products increased by 6.7%, from 996,417 tons in FY2023 to 1,063,206 tons in FY2024; meanwhile, the average selling price of organic polymer modified materials products remained stable at RMB9,711/ton in FY2024 and RMB9,780/ton in FY2023. By reason of the said factors, revenue from this type of product increased by 6.0% or RMB580.2 million, from RMB9,744.7 million in FY2023 to RMB10,324.9 million in FY2024 due to increase in sales volume.

Chemical Segment — Others

- Our revenue form others of the chemical segment, which is not our main operating business, increased by RMB62.3 million or 6.9%, primarily due to fluctuations in raw material prices and increased demand from certain customers, which led to higher sales of chemical materials produced by independent third parties as part of our dynamic inventory management, resulting in increased in revenue from others.

Health and wellness segment

- Our revenue from the health and wellness segment decreased by 12.5%, or RMB121.9 million. This decline was primarily driven by factors such as customer de-stocking, which led to a decline in medicine prices. Additionally, intensified market fluctuations, along with a decrease in both the sales volume and prices of gelatin and their derivatives, contributed to the revenue decrease.

Health and wellness — Gelatin, collagen and their derivatives

- Our revenue from Gelatin, collagen and their derivatives decreased by RMB178.9 million or 27.0%, primarily due to factors such as destocking of certain pharmaceutical industry customers, which led to a decline in drug prices and reduced demand from related industries for gelatin products and consequently, the decrease in number of orders from certain capsule manufacturers and pharmaceutical companies, as well as intensified industry competition, which exerted downward pressure on the price of this product type. The sales volume of gelatin and collagen and their derivatives decreased by 24.6%, from 9,649 tons in FY2023 to 7,279 tons in FY2024; meanwhile, the average selling price of this product type declined by 10.6%, from RMB61,801/ton in FY2023 to RMB55,222/ton in FY2024. By reason of the said factors, revenue from gelatin, collagen and their derivatives decreased by 27.0% or RMB178.9 million, from RMB662.5 million in FY2023 to RMB483.6 million in FY2024, due to decrease in sales volume and average selling price.

Health and wellness — Empty Capsules

- Our revenue from empty capsules increased by RMB58.6 million or 19.0%, primarily due to our proactive efforts in expanding into overseas markets, in response to international demand, which resulted in steady growth in the export business for empty capsules and increase in overseas sales by RMB44.1 million. The sales volume of empty capsules increased by 18.3%, from 24,366.0 million capsules in FY2023 to 28,816.8 million capsules in FY2024. Meanwhile, the average selling price of empty capsules slightly increased by 0.8%, from RMB126 per 10,000 capsules in FY2023 to RMB127 per 10,000 capsules in FY2024. By reason of the aforesaid factors, revenue from empty capsules increased by 19.0% or RMB58.6 million, from RMB308.0 million in FY2023 to RMB366.6 million in FY2024, due to increase in sales volume and slight increase in average selling price.

Health and wellness — Others

- Our revenue from others of health and wellness segment decreased by RMB1.7 million or 42.2%, primarily due to a reduction in rental income following the sale of certain investment properties in FY2024.

Comparison of Revenue in 10MFY2025 and 10MFY2024

Our revenue increased by 10.0% or RMB1,580.8 million, from RMB15,863.1 million in 10MFY2024 to RMB17,443.9 million in 10MFY2025 mainly due to (i) the increase in revenue from the chemicals segment by 11.1% or RMB1,679.6 million, which was partially offset by (ii) the decline in revenue from the health and wellness segment of 14.1% or RMB98.9 million.

Chemical Segment

- Our revenue from the chemicals segment increased by 11.1%, or RMB1,679.6 million, mainly due to growth in sales volume. Such growth was primarily attributable to (i) enhanced research and development, production, and marketing efforts at our green petrochemical bases, including our Zhejiang (Zhoushan) and Jiangsu (Yizheng) bases, focusing on polystyrene and polypropylene polymerization and related industries; and (ii) strengthened collaboration with existing customers, which contributed to sustained sales growth.

Chemical Segment — Green petrochemical materials

- Our revenue from green petrochemical materials increased by RMB780.3 million or 25.0%, primarily due to our further enhanced research and development, production, and marketing efforts at our green petrochemical bases, including the Zhejiang (Zhoushan) and Jiangsu (Yizheng) bases, focusing on development of key technologies in polystyrene polymerization and polypropylene polymerization and related industries. Specifically, (i) for polystyrene polymerization related industry, we further expanded the application of polystyrene materials in areas such as TV light diffuser panels and food packaging, resulting in a sales volume increase of 72,052 tons of polystyrene materials; (ii) for polypropylene synthesis related industry, we further developed application areas such as anti-bacterial materials and improved our raw material efficiency and product quality, which led to a sales volume increase of 57,333 tons of polypropylene. As a result, the sales volume of green petrochemical materials increased by 37.8%, from 359,744 tons in 10MFY2024 to 495,634 tons in 10MFY2025. Meanwhile, due to a decline in the prices of major raw materials, such as styrene monomer, the average selling price of green petrochemical materials products decreased by 9.3%, from RMB8,690 per ton in 10MFY2024 to RMB7,881 per ton in 10MFY2025. By reason of the aforesaid factors, revenue from green petrochemical materials products by 25.0% or RMB780.3 million from RMB3,126.0 million for 10MFY2024 to RMB3,906.3 million for 10MFY2025, due to significant increase in sales volume, partially offset by decrease in average selling price.

Chemical Segment — Organic polymer composite materials

- Revenue from organic polymer composite materials increased by RMB359.1 million or 12.8% from RMB2,814.8 million in 10MFY2024 to RMB3,173.9 million in 10MFY2025, primarily driven by strengthened collaboration with existing customers, in particular, Customer B and Customer G, our top five customers during the Track Record Period, which contributed an additional RMB335.3 million. The sales volume increased significantly by 21.7%, from 310,676 tons to 378,164 tons, while the average selling price declined 7.4%, from RMB9,060 per ton to RMB8,393 per ton, due to lower prices of certain resin raw materials.

Chemical Segment — Organic polymer modified materials

- Revenue from organic polymer modified materials increased by RMB477.2 million or 5.7% from RMB8,355.5 million in 10MFY2024 to RMB8,832.7 million in 10MFY2025, primarily driven by strengthened collaboration with existing customers, in particular Customer F and Customer H, our top five customers during the Track Record Period, which contributed an additional RMB358.7 million. The sales volume increased by 12.9%, from 858,878 tons to 969,416 tons, while the average selling price declined by 6.3%, from RMB9,728 per ton to RMB9,111 per ton, due to lower prices of certain resin raw materials.

Chemical Segment — Others

- Our revenue form others of the chemical segment, which is not our main operating business, increased by RMB63.1 million or 7.3%, primarily due to fluctuations in raw material prices and rising demand from certain customers, which led to higher sales of chemical materials produced by independent third parties as part of our dynamic inventory management, resulting in the growth of revenue from others.

Health and wellness Segment

- Our revenue from the health and wellness segment decreased by 14.1%, or RMB98.9 million, mainly due to heightened market volatility in gelatin-related markets, which led to lower product prices, reduced sales volumes and decrease in sales.

Health and wellness — Gelatin, collagen and their derivatives

- Our revenue from Gelatin, collagen and their derivatives decreased by RMB131.5 million or 32.6%, primarily due to decrease in demand in gelatin related market, leading to decrease in number of orders from capsule manufacturers and pharmaceutical companies; and heightened market volatility in gelatin-related markets, which led to lower product prices and reduced sales volumes. The sales volume of gelatin and collagen decreased by 24.5%, from 5,802 tons in the 10MFY2024 to 4,383 tons in 10MFY2025. Additionally, the average selling price

for this product type dropped by 15.1%, from RMB57,002 per ton in 10MFY2024 to RMB48,419 per ton in 10MFY2024. By reason of these factors, revenue from sales of gelatin, collagen and their derivative decreased by 32.6% or RMB131.5 million, from RMB403.1 million in 10MFY2024 to RMB271.6 million in 10MFY2025 due to decrease in sales volume and decrease in average selling price.

Health and wellness — Empty Capsules

- Our revenue from empty capsules increased by RMB38.5 million or 13.2%, primarily due to our enhanced marketing efforts and the continuous expansion of our customer base and consequently, our revenue from downstream pharmaceutical companies continued to increase. The sales volume of empty capsules rose by 20.6%, from approximately 22,895.7 million capsules in 10MFY2024 to 27,606.7 million capsules in 10MFY2025. Meanwhile, the average selling price of this product type slightly decreased by 6.3%, from RMB127 per 10,000 capsules in 10MFY2024 to RMB119 per 10,000 capsules in 10MFY2025. By reason of the said factors, our revenue from empty capsules increased by 13.2% or RMB38.5 million, from RMB291.2 million in 10MFY2024 to RMB329.7 million in 10MFY2025, due to increase in sales volume, partially offset by decrease in average selling price.

Health and wellness — Others

- Our revenue from others of health and wellness segment decreased by RMB5.9 million or 82.4%, primarily due to change in sales of small amount of waste generated during raw material selection process in production.

Cost of sales

Our cost of sales comprises (i) the cost of raw materials such as resins in the chemicals segment and bone pellets in the health and wellness segment; and (ii) others, including (a) salaries, remuneration and benefits of employees, (b) depreciation of plant and equipment, (c) transportation costs; and (d) impairment loss of inventories.

The following table provides a breakdown of our cost of sales by nature:

	FY2022		FY2023		FY2024		10MFY2024		10MFY2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Cost of raw materials	**11,034,963**	**93.3**	**14,424,900**	**91.1**	**15,970,465**	**90.8**	**13,306,670**	**91.3**	**14,234,658**	**91.1**
Including:										
Chemicals										
Green petrochemical materials	1,055,899	8.9	2,617,502	16.5	3,349,502	19.0	2,739,681	18.8	3,352,084	21.4
Organic polymer composite materials	1,626,239	13.8	2,269,042	14.3	2,581,525	14.7	2,307,144	15.8	2,524,698	16.1
Organic polymer modified materials	6,165,689	52.1	8,125,350	51.3	8,641,738	49.1	6,994,282	48.0	7,142,334	45.7
Others	1,665,231	14.1	875,764	5.5	931,786	5.3	851,404	5.8	900,617	5.8
Subtotal	**10,513,059**	**88.9**	**13,887,658**	**87.7**	**15,504,552**	**88.1**	**12,892,511**	**88.4**	**13,919,733**	**89.0**
Health and Wellness										
Gelatin, collagen and their derivatives	377,371	3.2	381,355	2.4	279,047	1.6	239,155	1.6	159,297	1.0
Empty capsules	142,189	1.2	153,547	1.0	185,931	1.1	169,286	1.2	155,235	1.0
Others	2,344	0.0	2,340	0.0	935	0.0	5,719	0.0	394	0.0
Subtotal	**521,904**	**4.4**	**537,242**	**3.4**	**465,913**	**2.6**	**414,159**	**2.8**	**314,925**	**2.0**
Other costs	**791,513**	**6.7**	**1,413,117**	**8.9**	**1,624,874**	**9.2**	**1,274,054**	**8.7**	**1,398,185**	**8.9**
Total	**11,826,476**	**100.0**	**15,838,017**	**100.0**	**17,595,339**	**100.0**	**14,580,724**	**100.0**	**15,632,843**	**100.0**

During the Track Record Period, raw material costs were the largest component of our cost of sales, accounting for 93.3%, 91.1%, 90.8%, 91.3% and 91.1% of our total cost of sales in FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. During the Track Record Period, fluctuations in our cost of sales were generally in line with our revenue trend.

The raw material costs of green petrochemical materials in the chemical segment accounted for 8.9%, 16.5%, 19.0%, 18.8% and 21.4% of our total cost of sales in FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. This upward trend was largely driven by the commencement of production at first phase of our green petrochemical base in Zhejiang (Zhoushan) in FY2023, as well as enhanced research and development, production and marketing efforts for products from our green petrochemical bases in Zhejiang (Zhoushan) and Jiangsu (Yizheng) since FY2024. The portion of revenue contributed from our green petrochemical materials products has increased steadily, accounting for 8.9%, 17.5%, 20.2% 19.7% and 22.4% of our total sales in FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. During the Track Record Period, the fluctuations in raw material costs for our green petrochemical materials products generally aligned with the changes in their revenue contributions.

The raw material costs for others in the chemical segment accounted for 14.1%, 5.5%, 5.3%, 5.8% and 5.8% of our total cost of sales in FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. The downward trend was primarily attributable to decrease in revenue contribution from the sale of chemical materials produced by independent third parties since FY2023. The portion of revenue contributed by others in the chemical segment decreased in general during the Track Record Period, accounting for 12.5%, 5.2%, 5.1%, 5.5% and 5.3% of our total sales in FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. During the Track Record Period, the fluctuations in raw material costs for others in the chemical segment generally aligned with the changes in their revenue contributions.

The raw material costs for gelatin, collagen and their derivatives in the health and wellness segment accounted for 3.2%, 2.4%, 1.6%, 1.6% and 1.0% of our total cost of sales in FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. The downward trend was primarily attributable to the continuous decrease in sales volume and revenue contribution of these products during the Track Record Period. The revenue contributed by these products accounted for 4.9%, 3.8%, 2.5%, 2.5% and 1.6% of our total sales in FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. During the Track Record Period, the fluctuations in raw material costs for gelatin, collagen and their derivatives generally aligned with the changes in their revenue contributions.

Sensitivity analysis

Set forth below is our sensitivity analysis of raw material price fluctuations included in our cost of sales during the Track Record Period, which illustrates the impact of a 1%, 3% or 5% increase or decrease in raw material prices on our profit before tax, assuming all other factors remain unchanged:

	Impact on our profit before tax			
	As of 31 December			**As of 31 October**
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Price changes in raw materials				
-/+1%	110,350	144,249	159,705	142,347
-/+3%	331,049	432,747	479,114	427,040
-/+5%	551,748	721,245	798,523	711,733

Gross profit and gross margin

During the Track Record Period, our gross profit margin was mainly affected by our product mix, product prices, unit price, etc. The following table provides a breakdown of our gross profit and gross profit margin by type of goods or services during the years/periods indicated:

	FY2022		FY2023		FY2024		10MFY2024		10MFY2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chemicals										
Green Petrochemical materials	71,075	5.9	147,119	4.8	168,431	4.4	144,667	4.6	218,550	5.6
Organic polymer composite materials	260,160	13.0	274,013	9.9	279,067	8.8	252,628	9.0	393,716	12.4
Organic polymer modified materials	1,012,647	13.3	910,360	9.3	918,492	8.9	713,907	8.5	1,035,237	11.7
Others	11,731	0.7	28,642	3.2	28,546	3.0	13,969	1.6	27,859	3.0
Subtotal	1,355,613	10.9	1,360,134	8.3	1,394,536	7.6	1,125,171	7.4	1,675,362	9.9
Health and wellness										
Gelatin, Collagen and their derivatives	159,538	24.4	170,824	25.8	121,040	25.0	98,240	24.4	57,667	21.2
Empty capsules	64,422	22.6	69,337	22.5	76,548	20.9	53,317	18.3	77,135	23.4
Others	391	7.1	467	11.4	48	2.0	5,654	79.4	857	68.4
Subtotal	224,351	23.8	240,628	24.7	197,636	23.2	157,211	22.4	135,659	22.5
Total	1,579,964	11.8	1,600,762	9.2	1,592,172	8.3	1,282,382	8.1	1,811,021	10.4

For FY2022, FY2023, FY2024 and 10MFY2025, our gross profit margins were 11.8%, 9.2%, 8.3% and 10.4%, respectively. The primary downstream application of our products is in the household appliance sector, which is a relatively mature market and therefore, we face relatively high competitive pressure. In FY2023 and FY2024, our gross profit margin declined due to intensified market competition and reduced production capacity utilisation rate due to short-term inability to fully utilize new production capacity. However, in 10MFY2025, we have improved our gross profit margin by increasing our capacity utilization rate, optimizing our production processes to enhance production efficiency, and reducing production costs.

The gross profit margins of our green petrochemical materials were 5.9%, 4.8%, 4.4%, and 5.6% for FY2022, FY2023, FY2024, and 10MFY2025, respectively, which are lower than those of our organic polymer composite materials and organic polymer modified materials. The relatively lower margins are primarily due to lower degree of customization of our green petrochemical materials compared with the other two product categories.

To further improve our gross profit margin, we have implemented the following strategies: (i) to maintain or improve the competitiveness of our chemical products, we focus on driving innovation through research and development, enriching our product portfolio, and expanding downstream application areas to strengthen our competitiveness. On the production side, we aim to optimize production processes to improve production efficiency and achieve cost advantages by leveraging economies of scale; (ii) to maintain or improve the competitiveness of our health and wellness products, we focus on strengthening our integrated model from production of raw material to end products, with an emphasis on applications in "medical, beauty, health, food, and new materials." We will actively engage in the research and development of collagen, empty capsules, and their derivatives to achieve technological breakthroughs and product upgrade, thereby improving the competitiveness of our health and wellness products.

To better manage our gross profit margin and profitability, we conduct financial analysis and implement budget management regularly for each business segment. This includes preparing product budget plans that cover revenue, pricing, and costs. By monitoring the implementation of budget plan, we adjust our product strategies accordingly when needed. Specifically, (i) in terms of pricing strategies, we adopt a flexible pricing strategy, based on product costs, market demand, customer background and relationships, competition, and product customization requirements. For instance, for our new products, we may adopt premium pricing strategies to achieve high profits, while for products facing competition, we may use penetration pricing strategies to gain market share; (ii) in terms of cost control, we build long-term partnerships with our suppliers, and reduce procurement costs through ordering in advance and bulk purchasing, improve production efficiency by optimisation and innovation of our production process, and enhance inventory and production cycle management to lower our production costs. We also enhance our quality inspection processes and implement preventive measures to minimize defect rates and reduce quality-related costs; and (iii) in terms of adjustment of product strategy, we regularly assess the profitability of each business segment, discontinue low-margin or loss-making products, and concentrate on core, high-margin products.

Comparison of gross profit and gross profit margin in FY2023 and FY2022

Our gross profit increased by 1.3% from RMB1,580.0 million in FY2022 to RMB1,600.8 million in FY2023, primarily attributable to (i) a 0.3% (or RMB4.5 million) increase in gross profit from the chemicals segment, driven by higher sales volumes; and (ii) a 7.3% (or RMB16.3 million) increase in gross profit from the health and wellness segment, resulting from higher sales volumes of empty capsules and increased prices of gelatin, collagen, and empty capsules. Our gross profit margin decreased from 11.8% in FY2022 to 9.2% in FY2023, primarily attributable to decrease in gross profit margin of the chemicals segment, partially compensated by an increase in gross profit margin of the health and wellness segment.

- Our gross profit margin of chemicals segment decreased from 10.9% to 8.3% primarily due to (i) an increase in proportion of sales contributed by green petrochemical materials, which have a relatively lower gross profit margin in the chemicals segment, sales contributed from which increased from 8.9% in FY2022 to 17.5% in FY2023, and (ii) a decline in the gross profit margin of the key products in the chemicals segment:

  (a) the gross profit margin of our green petrochemical material products was affected by the inability to fully utilize new production capacity in short term, resulting in decline in production capacity utilization rate and increase in fixed costs per unit. Meanwhile, intensified market competition also led to the decrease in average selling prices to outpace the reduction in raw material costs. As a result, the average selling price of green petrochemical material products decreased from RMB8,902/ton in FY2022 to RMB8,085/ton in FY2023, while the unit cost of green petrochemical materials products only dropped from RMB8,373/ton in FY2022 to RMB7,696/ton in FY2023. These factors led to a decrease in the gross profit margin of green petrochemical material products from 5.9% in FY2022 to 4.8% in FY2023;

  (b) the gross profit margin of our organic polymer composite materials in the chemicals segment was affected by the inability to fully utilize new production capacity in short term, resulting in decline in production capacity utilization rate and increase in fixed costs per unit. Meanwhile, intensified market competition also led to the decrease in average selling prices to outpace the reduction in raw material costs. As a result, the average selling price of organic polymer composite materials decreased from RMB11,468/ton in FY2022 to RMB9,706/ton in FY2023, while the unit cost only dropped from RMB9,973/ton in FY2022 to RMB8,742/ton in FY2023. These factors led to a decrease in the gross profit margin for organic polymer composite materials from 13% in FY2022 to 9.9% in FY2023; and

  (c) the gross profit margin of our organic polymer modified materials in the chemical segment was affected by decline in production capacity utilization rate, due to inability to fully utilize new production capacity in short term, resulting in an increase in fixed costs per unit. Meanwhile, intensified market competition also led to the decrease in average selling prices to outpace the reduction in raw material costs. As a result, the average selling price of organic polymer modified materials decreased from RMB11,585/ton in FY2022 to RMB9,780/ton in FY2023, while the unit cost only dropped from RMB10,041/ton in FY2022 to RMB8,866/ton in FY2023. These factors led to a decrease in the gross profit margin for organic polymer modified materials from 13.3% in FY2022 to 9.3% in FY2023.

- Our gross profit margin of health and wellness segment increased from 23.8% to 24.7% primarily due to (i) positive market trends in gelatin and downstream relevant business, which led to higher demand and selling prices for gelatin, collagen, and their derivatives. The increase in selling prices of gelatin, collagen and their derivatives outpaced the increase in cost of its raw materials, such as bone pellets, resulting in an increase in gross profit margin of these products; partially offset by (ii) a slight decrease in the gross profit margin for empty capsules, as the rise in gelatin costs, a key raw material for empty capsules, outpaced the increase in selling prices of empty capsules.

Comparison of gross profit and gross profit margin in FY2024 and FY2023

Our gross profit decreased by 0.5% from RMB1,600.8 million in FY2023 to RMB1,592.2 million in FY2024, primarily attributable to a decline in selling prices and sales volumes of gelatin and their derivatives in the health and wellness segment. Our gross profit margin decreased from 9.2% in FY2023 to 8.3% in FY2024, attributable primarily to decreases in gross profit margin of both chemicals segment and health and wellness segment.

- Our gross profit margin in the chemicals segment decreased from 8.3% to 7.6% primarily due to (i) further increase in proportion of sales contributed by green petrochemical materials, which have a relatively low gross profit margin in the chemicals segment, the sales contributed from which increased from 17.5% in FY2023 to 20.2% in FY2024; and (ii) decrease in gross profit margin of key products of chemicals segment:

  (a) the gross profit margin of green petrochemical materials products was affected by increase in cost of key raw materials such as styrene monomer, leading to the increase the unit cost from RMB7,696/ton in FY2023 to RMB8,290/ton in FY2024. Due to intensified market competition, our ability to pass on the increased costs to downstream customers was limited, resulting in slight increase in average selling price only, from RMB8,085/ton in FY2023 to RMB8,667/ton in FY2024. Consequently, the increase in average selling prices lagged behind the rise in raw material costs. By reason of the foregoing, the gross profit margin of green petrochemical materials decreased from 4.8% in FY2023 to 4.4% in FY2024;

  (b) the gross profit margin of our organic polymer composite materials in the chemicals segment was affected by the inability to fully utilize new production capacity in short term, resulting in decline in production capacity utilization rate and increase in fixed costs per unit. Meanwhile, intensified market competition also led to the decrease in average selling prices to outpace the reduction in raw material costs. As a result, the average selling price of organic polymer composite materials decreased from RMB9,706/ton in FY2023 to RMB9,084/ton in FY2024, while the unit cost only dropped from RMB8,742/ton in FY2023 to RMB8,286/ton in FY2024. This led to a decline in the gross profit margin of organic polymer composite materials from 9.9% in FY2023 to 8.8% in FY2024; and

(c) the gross profit margin of our organic polymer modified materials in the chemical segment was affected by the inability to fully utilize new production capacity in short term, resulting in decline in production capacity utilization rate and increase in fixed costs per unit. Meanwhile, intensified market competition also led to the decrease in average selling prices to outpace the reduction in raw material costs. As a result, the average selling price of organic polymer modified materials decreased from RMB9,780/ton in FY2023 to RMB9,711/ton in FY2024, while the unit cost only dropped from RMB8,866/ton in FY2023 to RMB8,847/ton in FY2024. This led to a decline in the gross profit margin of organic polymer modified materials from 9.3% in FY2023 to 8.9% in FY2024.

- Our gross profit margin in the health and wellness segment decreased from 24.7% to 23.2%, mainly due to (i) a decrease in gross profit margin for gelatin, collagen and their derivatives, due to factors such as customer de-stocking, which led to a decline in medicine price, reduction in demand for gelatin products from relevant industries and heightened market competition; and (ii) decrease in gross profit margin of empty capsules, which was primarily attributable to that our new empty capsules production line at Shangdong has yet to achieve full production capacity, which led to higher per unit costs, partially offset by slight increase in selling price of empty capsules.

Comparison of gross profit and gross profit margin in 10MFY2024 and 10MFY2025

Our gross profit increased by 41.2% from RMB1,282.4 million in 10MFY2024 to RMB1,811.0 million in 10MFY2025, primarily attributable to (i) a 48.9% or RMB550.2 million increase in the gross profit generated from our chemical segment, which was primarily driven by higher sales volumes and improved gross profit margins of our products in this segment; partially offset by (ii) a decline in gross profit of our gelatin, collagen and their derivatives, due to decrease in selling price and sales volumes. Our gross profit margin increased from 8.1% in 10MFY2024 to 10.4% in 10MFY2025, primarily attributable to the increase in gross profit margins of our chemical segment.

- Our gross profit margin in the chemicals segment increased from 7.4% to 9.9%, primarily due to improvement of gross profit margin of key products of chemicals segment:

  (i) despite the average selling price of green petrochemical material products decreased, which was in line with the decreasing trend of market price of raw materials, our green petrochemical materials products benefited from economies of scale due to increased utilization rate of production capacity, leading to a reduction in fixed costs per unit. Additionally, our improvements in production processes enhanced our production efficiency of green petrochemical material products, thereby further reduced per unit production cost. As a result, the average selling price of green petrochemical materials

decreased from RMB8,690/ton in 10MFY2024 to RMB7,881/ton in 10MFY2025, while the unit cost decreased from RMB8,287/ton in 10MFY2024 to RMB7,440/ton in 10MFY2025. These factors led to an increase in the gross profit margin of green petrochemical materials products from 4.6% in 10MFY2024 to 5.6% in 10MFY2025; (ii) despite the average selling price of organic polymer composite materials decreased, which was in line with the decreasing trend of market price of raw material, our organic polymer composite materials benefited from economies of scale due to increased utilization rate of production capacity, leading to a reduction in fixed costs per unit. Additionally, our improvements in production processes enhanced our production efficiency of organic polymer composite materials, thereby further reduced per unit production cost. As a result, the selling price of organic polymer composite materials decreased from RMB9,060/ton in 10MFY2024 to RMB8,393/ton to in 10MFY2025, while the unit cost decreased from RMB8,247/ton in 10MFY2024 to RMB7,352/ton in 10MFY2025. These factors led to an increase in the gross profit margin of organic polymer composite materials from 9.0% in 10MFY2024 to 12.4% in 10MFY2025; and (iii) despite the average selling price of organic polymer modified materials decreased, which was in line with decreasing trend of price of raw material, our organic polymer modified materials benefited from economies of scale due to increased utilization rate of production capacity, leading to a reduction in fixed costs per unit. Additionally, our improvements in production processes enhanced our production efficiency of organic modified composite materials, thereby further reduced per unit production cost. As a result, the selling price of organic polymer modified materials decreased from RMB9,728/ton in 10MFY2024 to RMB9,111/ton in 10MFY2025, while the unit cost decreased from RMB8,897/ton in 10MFY2024 to RMB8,043/ton in 10MFY2025. These factors led to an increase in the gross profit margin of organic polymer modified materials from 8.5% in 10MFY2024 to 11.7% in 10MFY2025.

- Our gross profit margin in health and wellness segment increased slightly from 22.4% to 22.5%, mainly due to: (i) a significant reduction in the cost of gelatin, the primary raw material of our empty capsules and that the production and sales volume of empty capsules increased significantly in 10MFY2025, leading to an improved economies of scale and decrease in unit costs. By reason of these factors, the per unit raw material costs and fixed costs of empty capsules decreased, and consequently, the gross profit margin of empty capsules improved from 18.3% to 23.4%; partially offset by (ii) increased market volatility of gelatin, which led to price reductions and a decrease in production and sales volume, which weaken our economies of sales and increased per unit fixed costs, resulting in an overall from 24.4% to 21.2% decrease in gross profit margin for gelatin, collagen and their derivatives.

Other income, gains and losses

Our other income, gains and losses primarily consist of (i) bank interest income, (ii) government grants, (iii) additional value added tax deduction, and (iv) gain on bargain purchase on acquisition of our two subsidiaries at negotiated prices, net of losses such as impairment loss on trade and bills receivables. Our other income, gains and losses were RMB16.2 million, RMB46.9 million, RMB337.5 million, RMB189.1 million and RMB95.7 million in FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. The following table provides the breakdown of our other income, gains and losses during the Track Record Period:

	FY2022	FY2023	FY2024	10MFY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Bank interest income	14,095	26,001	33,170	29,658	21,546
Government grants	40,957	28,390	26,168	23,849	31,283
Additional value added tax deduction	–	56,968	121,896	100,783	63,557
Commercial compensation	6,866	529	1,664	1,500	337
(Loss)/gain on disposal of property, plant and equipment	(1,595)	(4,449)	1,014	(527)	3,005
Gain on disposal of investment properties	–	–	8,271	8,271	–
Gain on bargain purchase arising on acquisition of subsidiaries	–	–	168,230	36,951	77
Donation	(2,990)	(10,250)	(4,955)	(4,000)	(114)
Impairment losses on intangible assets	–	–	(11,120)	–	(19,840)
Impairment losses on goodwill	–	–	(6,503)	–	(1,655)
Impairment losses on trade and bills receivables, net	(33,380)	(43,114)	(1,363)	(453)	7,720
(Impairment losses)/reversal of impairment loss on other receivables	(4,474)	(1,845)	4,432	(644)	2,007
Bank charges	(2,316)	(7,236)	(5,620)	(5,329)	(10,033)
Others	(918)	1,915	2,238	(964)	(2,182)
Total	16,245	46,909	337,522	189,095	95,708

Additional value added tax deduction refers to the additional deduction of VAT that certain of our subsidiaries are entitled to. According to the relevant regulation issued by the competent authority in September 2023, advanced manufacturing companies (such as us) are entitled to an additional deduction of 5% VAT on the basis of the deductible input VAT of relevant year from 1 January 2023 to 31 December 2027.

Donation mainly refers to donations made to social welfare organizations, charities, private non-profit organizations and government bodies.

Gain on bargaining purchase arising on acquisition of subsidiaries represents the gain recognized in 2024, when we, as restructing investor, acquired Hong Kong Petrochemical and Gon Chemical (Dongming). This gain represents the differences between (i) the fair value of these newly acquired subsidiaries, including the liabilities assumed as of the acquisition date, and (ii) the consideration paid. For details, please refer to "History and Corporate Structure — Major subsidiaries" and note 41 to "Appendix I — Accountants' Report" to this document.

Selling and distribution expenses

Our selling distribution expenses mainly comprise (i) salaries, remuneration and benefits, (ii) business development and marketing expenses, and (iii) rental costs, etc. For FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, our selling and distribution expenses amounted to RMB91.0 million, RMB122.4 million, RMB135.0 million, RMB106.5 million and RMB115.1 million, representing 0.68%, 0.70%, 0.70%, 0.67% and 0.66% of our total revenue of the respective years/period. The proportion of our selling and distribution expenses to our total revenue remained relatively stable. The following table set forth the breakdown of our selling and distribution expenses during the Track Record Period:

	FY2022	**FY2023**	**FY2024**	**10MFY2024**	**10MFY2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, remuneration and benefits	52,506	61,837	68,787	55,256	60,585
Business development and marketing expenses	14,061	22,917	27,895	19,650	22,079
Rental costs	8,078	13,446	15,651	13,592	13,154
Depreciation and amortization	6,240	6,691	7,484	5,519	7,833
Travel and office expenses	6,275	9,298	9,061	6,676	5,991
Others	3,795	8,165	6,168	5,822	5,465
Total	90,955	122,354	135,046	106,515	115,107

Our selling and distribution expenses increased by RMB31.4 million or 34.5%, from RMB91.0 million in FY2022 to RMB122.4 million in FY2023, which was primarily attributable to (i) the increase in average number of our sales and marketing staff from 319 in FY2022 to 411 in FY2023 following our business expansion, leading to the increase in salaries, remuneration and benefits by RMB9.3 million; (ii) increased participation in key industry exhibitions and strengthened promotional efforts, leading to an increase in business development and marketing expenses by RMB8.9 million and travel and office expenses by RMB3.0 million; and (iii) expansion of our sales region, leading to increase in rental costs of our marketing centres and warehouses by RMB5.4 million. The increase in selling and distribution expenses was in line with our revenue growth in FY2023.

Our selling and distribution expenses increased by RMB12.6 million or 10.3% from RMB122.4 million in FY2023 to RMB135.0 million in FY2024, primarily attributable to (i) the increase in average number of our sales and marketing staff to 450 in FY2024 as our business continued to expand, which led to an increase in salaries, remuneration and benefits by RMB7.0 million; and (ii) increase in business and marketing expenses by RMB5.0 million as we sought to deepen our business collaborations with existing client and expand our overseas client network. The increase in selling and distribution expenses was in line with our revenue growth in FY2024.

Our selling and distribution expenses increased by RMB8.6 million or 8.1%, from RMB106.5 million in 10MFY2024 to RMB115.1 million in 10MFY2025, primarily attributable to (i) the increase in average number of our sales and marketing staff to 475, which led to an increase in salaries, remuneration and benefits by RMB5.3 million; and (ii) as our construction in progress gradually transferred to plant and buildings, part of which were used as our sales centers and offices for our marketing department, which led to an increase in depreciation and amortization by RMB2.3 million; (iii) an increase in business development and marketing expenses by RMB2.4 million, as we further strengthened our marketing efforts, partially offset by (iv) a decrease of RMB0.4 million in rental costs, as we used more self-owned properties as sales centers and offices for marketing department, reducing the need of leased properties. The increase in selling and distribution expenses was generally in line with our revenue growth in 10MFY2025.

Administrative expenses

Our administrative expenses mainly comprise (i) salaries, remuneration and benefits, (ii) depreciation and amortization, (iii) taxes and surcharges, and (iv) office expenses, etc. In FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, our administrative expenses amounted to RMB231.1 million, RMB253.7 million, RMB252.3 million, RMB190.9 million and RMB253.9 million, respectively. The following table set forth the breakdown of our administrative expenses during the Track Record Period:

	FY2022	FY2023	FY2024	10MFY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Employee compensation	87,287	103,996	100,406	81,954	94,366
Depreciation and amortization	47,685	50,050	50,922	40,753	55,100
Taxes and surcharges	42,333	46,183	44,648	34,686	47,513
Office expenses	25,171	29,017	30,594	20,195	30,545
Professional fees	9,655	7,782	11,336	6,770	10,901
Business development expenses	8,744	7,798	10,053	4,209	9,014
Disability insurance	2,124	2,847	1,092	768	704
Others	8,086	6,034	3,264	1,614	5,732
Total	231,085	253,707	252,315	190,949	253,875

Research and development expenses

Our research and development expenses mainly comprises (i) raw materials consumed for R&D, (ii) salaries, compensation and benefits of R&D personnel, and (iii) depreciation and amortization, etc. In FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, our research and development expenses amounted to RMB386.4 million, RMB566.3 million, RMB591.3 million, RMB446.2 million and RMB548.9 million, respectively. The following table set forth the breakdown of our research and development expenses during the Track Record Period:

	FY2022	FY2023	FY2024	10MFY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Raw materials consumed	305,710	468,319	455,869	352,986	421,025
Salaries, compensations and benefits	56,641	69,794	83,479	54,853	63,391
Depreciation and amortization	14,705	15,500	30,450	23,483	39,185
Others	9,331	12,644	21,486	14,897	25,331
Total	386,387	566,257	591,284	446,219	548,932

Our research and development expenses increased by RMB179.9 million or 46.6%, from RMB386.4 million in FY2022 to RMB566.3 million in FY2023. Such increase was primarily attributable to (i) increase in salaries, compensations and benefits by RMB13.2 million, as we further strengthened our research and development effort and hired more research and development staff; and (ii) our enhanced efforts in expanding downstream applications of our products, resulting in the increase in consumption of materials for research and development projects by RMB162.6 million. We continued to invest in research and development, to enrich our product portfolio and expand our products' downstream application areas. As a result, our green petrochemical materials, organic polymer composite materials, and modified organic polymers in the chemicals segment, achieved significant revenue growth.

Our research and development expenses increased by RMB25.0 million or 4.4%, from RMB566.3 million in FY2023 to RMB591.3 million in FY2024. Such increase was primarily attributable to (i) increase in salaries, compensations and benefits by RMB13.7 million, as we further strengthened our research and development effort and hired more research and development staff; and (ii) the addition of research and development related office buildings and equipment, resulting in the increase of depreciation and amortization by RMB15.0 million. We strengthened our research and development efforts for polystyrene and polypropylene polymerization industries, (i) for materials related to the polystyrene polymerization industry, we have enhanced our efforts in research and development of materials for household appliances, such as high transparency and low temperature resistant injection-grade GPPS materials and high gloss injection-grade HIPS materials specifically engineered for refrigerator interiors, (ii) for materials related to polypropylene polymerization industries, we strengthened our effort in research and development of low-odor, low-VOC, high-transparency, food-grade materials to meet the demands of high-end projects in the automotive and household appliance sectors in polypropylene synthesis related industries, as a result, we achieved significant revenue growth of green petrochemical materials in the chemicals segment.

Our research and development expenses increased by RMB102.7 million or 23.0%, from RMB446.2 million in 10MFY2024 to RMB548.9 million in 10MFY2025. Such increase was primarily attributable to (i) our increased R&D efforts on materials for various applications, leading to an increase of RMB68.0 million in raw materials consumed; (ii) increase in salaries, compensations and benefits by RMB8.5 million, as we further strengthened our research and development effort and hired more research and development staff; and (iii) the addition of research and development related office buildings and equipment, resulting in the increase of depreciation and amortization by RMB15.7 million. We continued to focus on research and development for polystyrene and polypropylene polymerization industries, (i) for materials related to polystyrene polymerization industries, we continued to actively develop new applications areas such as TV light diffuser panels and food packaging; (ii) for materials related to polypropylene polymerization industries, we continued to develop application areas such as antibacterial materials, which further driven revenue growth of green petrochemical materials of chemicals segment.

Finance Costs

Our financial costs mainly comprises (i) interest on bank and other borrowings, (ii) interest on convertible bonds, and (iii) interest on discounted bills receivable. In FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, our financial costs amounted to RMB100.9 million, RMB122.7 million, RMB144.6 million, RMB112.8 million and RMB151.8 million, respectively. The following table set forth the breakdown of our finance costs during the Track Record Period:

	FY2022	FY2023	FY2024	10MFY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on:					
Bank and other borrowings	109,666	130,501	144,087	111,611	146,208
Convertible bonds	–	6,288	13,642	11,876	11,200
Discounted bills receivable	3,391	8,211	5,106	4,953	12,743
Lease liabilities	1,793	1,385	1,760	1,163	1,330
Total borrowing costs	114,850	146,385	164,595	129,603	171,481
Less: amounts capitalised to construction in progress	(13,974)	(23,643)	(20,027)	(16,847)	(19,700)
Total	100,876	122,742	144,568	112,756	151,781

Discounted bills receivables refers to the transfer of undue bills receivable on a recourse basis to banks or other financial institutions by the Company. As the Company has not transferred the significant risks and rewards associated with these bills receivables, including default risk, it continues to recognize the bills receivable and the related liabilities. The cost of discounted bills receivable, recorded under finance costs, represents the interest incurred from transferring undue bills receivable with recourse to banks or other financial institutions.

Income tax expenses

Our income tax expenses amounted to RMB60.9 million, RMB38.3 million, RMB76.5 million, RMB65.2 million and RMB98.9 million for FY2022, FY2023, FY2024, 10MFY2024 and 10MFY2025, respectively. Income tax expense includes current tax and deferred tax. We are subject to income tax on a separate legal entity basis, applied to the profits generated or earned within the taxing jurisdictions where we and our subsidiaries are located or operate.

The income tax provision of our Group in respect of its operations in mainland China was calculated at tax rate of 25% on the assessable profits for the Track Record Period, based on the existing legislation, interpretation and practices in respect thereof. Certain of our subsidiaries in mainland China were eligible for a preferential income tax rate of 15% for a qualification of "High and New Technology Enterprise" during the Track Record Period. For details, please refer to note 10 to "Appendix I — Accountants' report" to this document.

Our subsidiaries incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong. No Hong Kong profits tax was provided for, as our Group did not generate any assessable profits arising in Hong Kong during the Track Record Period.

Comparison of operation results between periods

Comparison of 10MFY2025 and 10MFY2024 operation results

Revenue

Our revenue increased by 10.0% or RMB1,580.8 million from RMB15,863.1 million in 10MFY2024 to RMB17,443.9 million in 10MFY2025, mainly due to an increase in revenue by 11.1% or RMB1,679.6 million from our chemical segment. Such growth was mainly driven by (i) enhanced research and development, production, and marketing efforts at our green petrochemical bases, including the Zhejiang (Zhoushan) and Jiangsu (Yizheng) bases, as we developed key technologies for materials related to polystyrene polymerization and polypropylene polymerization industries and their application fields, which led to increase in sales volume of relevant green petrochemical material products; and (ii) strengthened collaboration with existing customers, which contributed to sustained sales growth.

Cost of sales

Our cost of sales increased by 7.2% from RMB14,580.7 million in 10MFY2024 to RMB15,632.8 million in 10MFY2025, which was generally in line with our revenue growth.

Gross Profit and Gross Profit margin

Our gross profit increased by 41.2% from RMB1,282.4 million in 10MFY2024 to RMB1,811.0 million in 10MFY2025, mainly due to (i) a 48.9% or RMB550.2 million increase in the gross profit generated from our chemical segment, which was primarily driven by higher sales volumes and improved gross profit margins of our products in this segment; partially offset by (ii) a decline in gross profit of our gelatin, collagen and their derivatives, due to decrease in selling price and sales volumes. Our gross profit margin increased from 8.1% in 10MFY2024 to 10.4% in 10MFY2025, mainly due to an increase in gross profit margin of chemical segment by 2.5 percentage point, due to increase in our production capacity utilization rate which led to improved economies of scale and decrease in fixed costs per unit and reduction in production costs for certain products due to improvement in production process and technological upgrades, which led to an improvement in production efficiencies.

Other income and gains

Our other income and gains decreased by 49.4% or RMB93.4 million from RMB189.1 million in 10MFY2024 to RMB95.7 million in 10MFY2025 due to (i) decrease in additional value added tax deduction by RMB37.2 million; (ii) the recognition of impairment losses on intangible assets and goodwill in 10MFY2025 amounting to RMB19.8 million and RMB1.7 million, respectively, primarily due to that the operating performance of Dongbao Bio-Tech falling short of expectations; and (iii) decrease in gain on bargain purchase arising on acquisitions of subsidiaries by RMB36.9 million from RMB37.0 million in 10MFY2024 to RMB77,000 in 10MFY2025.

Selling and distribution expenses

Our selling and distribution expenses increased by 8.1% or RMB8.6 million from RMB106.5 million in 10MFY2024 to RMB115.1 million in 10MFY2025, mainly due to that (i) as our revenue grew, we recruited more sales and marketing staff, our average number of sales and marketing staff increased to 475 in 10MFY2025, leading to an increase in salaries, remuneration and benefits by RMB5.3 million; (ii) as our construction in progress gradually transferred to plant and buildings, part of which were used as our sales centers and offices for our marketing department, which led to an increase in depreciation and amortization by RMB2.3 million; (iii) an increase in business development and marketing expenses by RMB2.4 million, as we further strengthened our marketing efforts, partially offset by (iv) a decrease of RMB0.4 million in rental costs, as we used more self-owned properties as sales centers and offices for marketing department, reducing the need of leased properties. The increase in selling and distribution expenses was in line with our revenue growth in 10MFY2025.

Administrative expenses

Our administrative expenses increased by 33.0% or RMB62.9 million from RMB190.9 million in 10MFY2024 to RMB253.9 million in 10MFY2025, mainly due to (i) following our expansion of business operations, the average number of administrative staff increased from 869 in FY2024 to 899 in 10MFY2025, resulting in an increase in employee compensation by RMB12.4 million as well as office expenses by RMB10.4 million; (ii) the addition of office properties and equipment resulted in an increase in depreciation and amortization expenses by RMB14.3 million; and (iii) the gradual capitalization of construction-in-progress, as well as the acquisition of land use rights, which led to an increase in taxes and surcharges by RMB12.8 million.

Research and development expenses

Our research and development expenses increased by 23.0% or RMB102.7 million from RMB446.2 million in 10MFY2024 to RMB548.9 million in 10MFY2025, mainly due to (i) our increased R&D efforts on materials for various applications, resulting in an increase of RMB68.0 million in raw material consumed for R&D projects; (ii) hiring of additional R&D staffs, leading to an increase of RMB8.5 million in salaries, consumptions and benefits; and (iii) new addition of R&D related office buildings and equipment, which led to an increase of RMB15.7 million in depreciation and amortization.

Finance Costs

Our finance costs increased by 34.6% or RMB39.0 million from RMB112.8 million in 10MFY2024 to RMB151.8 million in 10MFY2025.

This increase was primarily attributable to (i) an increase of RMB34.6 million in interest expenses on bank and other borrowings, which was a result of our strategic decision to increase borrowings during FY2024, a period with relatively low interest rates, to fund our business operations; and (ii) an increase of RMB7.8 million in interest on discounted bill receivables. For further details, please refer to Note 33 of the "Accountants' Report" in Appendix I of this document.

Profit before tax

As a result of the above, our profit before tax increased from RMB609.3 million in 10MFY2024 to RMB819.9 million in 10MFY2025.

Income tax expense

Our income tax expense increased from RMB65.2 million in 10MFY2024 to RMB98.9 million in 10MFY2025, due to the increase in our profit before tax.

Profit for the year

As a result of the foregoing, profit for the year increased by RMB176.9 million or 32.5% from RMB544.1 million for 10MFY2024 to RMB721.0 million for 10MFY2025.

Comparison of FY2024 and FY2023 operation results

Revenue

Our revenue increased by 10.0% or RMB1,748.7 million from RMB17,438.8 million in FY2023 to RMB19,187.5 million in FY2024, mainly due to the increase in revenue from the chemicals segment by 11.4% or RMB1,870.6 million. The increased revenue was primarily attributable to (i) enhanced R&D and production efforts and market promotion activities related to polystyrene and polypropylene polymerization related markets at the green petrochemical production site at Zhejiang (Zhoushan) and Jiangsu (Yizheng), which led to increase in sales volume of relevant green petrochemical materials products; and (ii) strengthened collaboration with our existing customers.

Cost of sales

Our cost of sales increased by 11.1% from RMB15,838.0 million in FY2023 to RMB17,595.3 million in FY2024, which was generally in line with our revenue growth.

Gross Profit and Gross Profit margin

Our gross profit decreased by 0.5% from RMB1,600.8 million in FY2023 to RMB1,592.2 million in FY2024, mainly due to the decrease of selling price and sales volume of gelatin and their derivatives in the health and wellness segment. Our gross profit margin decreased from 9.2% in FY2023 to 8.3% in FY2024, mainly due to (i) further increase in the sales volume of green petrochemical materials which had a relatively low gross profit margin in the chemicals segment, (ii) for chemicals segment, gross profit margin of green petrochemical materials products decreased by 0.4 percentage points, due to increase in raw material costs, intensified market competition and our limited ability to pass the increased costs to downstream customers. The gross profit margin of organic polymer composite materials and organic polymer modified materials decreased by 1.1 percentage points and 0.4 percentage points, respectively, due to inability to fully utilize new production capacity in short term, resulting in an increase in fixed costs per unit. Meanwhile, intensified market competition also led to the decrease in average selling prices to outpace the reduction in raw material costs for these products; and (iii) for our health and wellness segment, the gross profit margin for gelatin, collagen, and their derivatives decreased by 0.8 percentage points due to customer de-stocking, which led to price reductions and decrease in demand of gelatin in relevant industries, and intensified market competition. Meanwhile, the gross profit margin for empty capsules dropped by 1.6 percentage points as newly commissioned production line had not yet reached its full production capacity, leading to higher unit costs.

Other income and gains

Our other income and gains increased by 619.6% or RMB290.6 million from RMB46.9 million in FY2023 to RMB337.5 million in FY2024 due to (i) an increase in additional value added tax deduction by RMB64.9 million and (ii) increase in gain on bargain purchase of RMB168.2 million, resulting from acquisition of subsidiaries in FY2024.

Selling and distribution expenses

Our selling and distribution expenses increased by 10.3% or RMB12.6 million from RMB122.4 million in FY2023 to RMB135.0 million in FY2024, mainly due to that (i) following our expansion of business operations, the number of our sales and marketing staff increased in FY2024, which resulted in an increase in employee salaries, compensation and benefits by RMB7.0 million, and (ii) an increase in business development and marketing costs by RMB5.0 million, as we further explored the needs and demand from our existing customers and overseas customers. The increase in selling and distribution expenses was in line with our revenue growth in FY2024.

Administrative expenses

Our administrative expenses remained stable at RMB253.7 million and RMB252.3 million for FY2023 and FY2024, respectively.

Research and development expenses

Our research and development expenses increased by 4.4% or RMB25.0 million from RMB566.3 million in FY2023 to RMB591.3 million in FY2024, mainly due to (i) an increase in expenses for salaries, compensations and benefits by RMB13.7 million, due to increase in number of research and development staff, as we strengthened our research and development effort, and (ii) an increase in depreciation and amortization expenses related to research and development by RMB15.0 million, due to addition of research and development related office buildings and equipment.

Financial Costs

Our finance costs increased by 17.8% or RMB21.9 million from RMB122.7 million in FY2023 to RMB144.6 million in FY2024.

This increase was primarily attributable to (i) an increase in interest expenses on bank and other borrowings of RMB13.6 million, as we strategically increased the amount of borrowings in FY2024, when interests rates were relatively low, to fund our business operations, and (ii) an increase in interest on convertible bonds by RMB7.3 million. Our convertible interest expense increased from RMB6.3 million in FY2023 to RMB13.6 million in FY2024, mainly due to the issuance of convertible bonds in July 2023 by our subsidiary, Dongbao Bio-Tech. For details, please refer to note 33 to "Appendix I — Accountants' Report" to this document.

Profit before tax

As a result of the above, our profit before tax increased from RMB577.9 million in FY2023 to RMB797.1 million in FY2024.

Income tax expense

Our income tax expense increased from RMB38.3 million in FY2023 to RMB76.5 million in FY2024, due to an increase in our profit before tax.

Profit for the year

As a result of the foregoing, profit for the year increased by RMB181.0 million or 33.5% from RMB539.6 million for FY2023 to RMB720.6 million for FY2024.

Comparison of FY2023 and FY2022 operating results

Revenue

Our revenue increased from RMB13,406.4 million in FY2022 to RMB17,438.8 million in FY2023, which represents an increase of 30.1% or RMB4,032.4 million, which was mainly due to a 32.1% or RMB4,001.2 million increase in revenue from chemicals segment and 3.3% or RMB31.1 million increase in revenue from the health and wellness segment.

The revenue growth in the chemicals segment was due to the facts that (i) first phase of our green petrochemical base at Zhejiang (Zhoushan) has commenced production in FY2023, and (ii) there was a higher product sales penetration rate and substantial growth in the chemicals segment, achieved through the implementation of proactive measures to establish a regional cluster industry production base from point to area (以點帶面式產業集群生產基地), which facilitated a strategic layout for the business segment. The revenue growth in the health and wellness segment was due to the positive market trends of gelatin and downstream relevant business, and higher prices of gelatin, collagen and empty capsules.

Cost of sales

Our cost of sales increased by 33.9% from RMB11,826.5 million for FY2022 to RMB15,838.0 million for FY2023, which was generally in line with our revenue growth.

Gross profit and Gross Profit Margin

Our gross profit increased by 1.3% from RMB1,580.0 million in FY2022 to RMB1,600.8 million in FY2023, primarily due to (i) increased sales in the chemicals segment, and (ii) increased sales of empty capsules, as well as higher selling prices of gelatin, collagen and empty capsules in the health and wellness segment. Our gross profit margin decreased from 11.8% in FY2022 to 9.2% in FY2023, due primarily to (i) an increase in proportion of sales contributed by green petrochemical materials, which had a relatively low gross profit margins in the chemicals segment, and (ii) decrease in gross profit margin of chemicals segment by 2.6 percentage points, due to inability to fully utilize new production capacity in short term, resulting in decrease in production capacity utilization rate and increase in fixed costs per unit. Meanwhile, intensified market competition also led to the decrease in average selling prices to outpace the reduction in raw material costs for these products, which was partially offset by (i) an increase in gross profit margin of health and wellness segment by 0.9 percentage points, due to higher prices of gelatin, collagen and empty capsules.

Other income and gains

Our other income and gains increased by 189.5% or RMB30.7 million from RMB16.2 million in FY2022 to RMB46.9 million in FY2023, which was mainly due to (i) an increase in the amount of additional value added tax deduction by RMB57.0 million due to regulation issued by the competent authority in September 2023, which provides that advanced manufacturing enterprise (such as us) is entitled to an additional deduction of 5% based on the creditable input VAT of the relevant year from 1 January 2023 to 31 December 2027, (ii) an increase in bank interest income by RMB11.9 million. In FY2023, having considered our purchase volume, funding arrangement and financing cost, we increased the use of bank's acceptance bill for payment of products. When issuing the bank's acceptance bill, the relevant bank freezes a certain proportion of our deposit, and the interest rate on such deposit is higher than the interest rate in our general deposit, leading to increased bank interest income. Such increased interest income was partially offset by (i) a decrease in the amount of government grants by RMB12.6 million, which means non-recurring income granted by the government authorities, which may vary from year to year, (ii) an increase in donation expenses by RMB7.3 million, and (iii) an increase in impairment loss on trade and bills receivable by RMB9.7 million.

Selling and distribution expenses

Our selling and distribution expenses increased by 34.5% or RMB31.4 million from RMB91.0 million in FY2022 to RMB122.4 million in FY2023, which was mainly due to that (i) following our expansion of business operations, the average number of sales and market staff increased from 319 in FY2022 to 411 in FY2023, resulting in increase in expenditure on salaries, compensation and benefits by RMB9.3 million, and (ii) increased participation in key industry exhibitions and increased promotional efforts in FY2023, which led to higher expenditure on business development and marketing by RMB8.9 million and increase in travel and office expenses by RMB3.0 million; and (iii) expansion of our sales region, which led to increased rental costs for our sales centers and warehouses by RMB5.4 million. The increase in selling and distribution expenses was in line with our revenue growth in FY2023.

Administrative expenses

Our administrative expenses increased by 9.8% or RMB22.6 million from RMB231.1 million in FY2022 to RMB253.7 million in FY2023, mainly due to increase in average number of administrative staff from 660 in FY2022 to 817 in FY2023, leading to increase in expenditure on salaries, compensation and benefits of administrative staff by RMB16.7 million.

Research and development expenses

Our research and development expenses increased by 46.6% or RMB179.9 million from RMB386.4 million in FY2022 to RMB566.3 million in FY2023. This increase was mainly attributable to (i) increase in salaries, compensations and benefits by RMB13.2 million, as we further strengthened our research and development effort and hired more research and development staff and (ii) our enhanced efforts in research and development of materials for various areas, so as to further expand the downstream applications of our products, resulting in the increase in consumption of materials for research and development projects by RMB162.6 million.

Finance Costs

Our finance costs increased by 21.6% or RMB21.8 million, from RMB100.9 million in FY2022 to RMB122.7 million in FY2023. This increase was mainly due to (i) increased of interest expense by RMB20.8 million due to increased bank and other borrowings and (ii) increased of interest expense for our convertible bond from nil in FY2022 to RMB6.3 million in FY2023, mainly due to the issuance of a convertible bond by our affiliate, Dongbao Bio-Tech in July 2023. Please refer to note 33 to "Appendix I — Accountants' Report" to this document

Profit before tax

As a result, our profit before tax decreased from RMB785.2 million in FY2022 to RMB577.9 million in FY2023.

Income tax expense

Our income tax expense decreased from RMB60.9 million in FY2022 to RMB38.3 million in FY2023 due to decrease in profit before tax in FY2023.

Profit for the year

As a result of the above, our profit for the year decreased from RMB724.4 million in FY2022 to RMB539.6 million in FY2023, represented a decrease of RMB184.8 million or 25.5%.

SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position for the years/periods indicated:

	As at 31 December			As at 31 October	As at 30 November
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
CURRENT ASSETS					
Inventories	2,432,520	3,085,150	3,377,655	3,790,374	3,856,888
Trade and bills receivables	2,168,869	3,065,314	3,454,614	3,525,973	3,265,530
Bill receivables at FVTOCI	207,275	221,913	356,224	481,612	440,986
Other receivables, deposits and prepayments	1,640,077	888,210	797,673	864,316	866,853
Financial assets at fair value through profit or loss ("FVTPL")	1,247	31,156	2,471	–	–
Pledged bank deposits	687,928	1,262,016	1,010,203	957,866	1,109,112
Bank balances and cash	1,298,034	1,744,791	2,014,764	2,160,454	2,241,514
Total current assets	8,435,950	10,298,550	11,013,604	11,780,595	11,780,883

	As at 31 December			As at 31 October	As at 30 November
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
CURRENT LIABILITIES					
Trade and other payables	3,374,070	4,348,296	4,755,502	4,828,937	4,659,469
Contract liabilities	120,571	99,472	81,650	67,038	47,781
Tax liabilities	26,264	9,313	39,711	14,485	23,407
Bank and other borrowings	1,725,921	1,895,339	2,217,366	2,852,517	2,874,232
Convertible bonds	–	327,018	340,635	351,829	353,194
Lease liabilities	14,669	10,806	20,711	20,913	21,295
Total current liabilities	5,261,495	6,690,244	7,455,575	8,135,719	7,979,378
NET CURRENT ASSETS	3,174,455	3,608,306	3,558,029	3,644,876	3,801,505

Our net current assets increased by 13.7% or RMB433.8 million from RMB3,174.5 million as of 31 December 2022 to RMB3,608.3 million as of 31 December 2023, attributable mainly to (i) an increase in inventories by RMB652.6 million, (ii) an increase in trade and bills receivables by RMB896.4 million and (iii) an increase in pledged bank deposits by RMB574.1 million, partially offset by (i) a decrease in other receivables, deposits and prepayments by RMB751.9 million and (ii) an increase in trade and other payables by RMB974.2 million.

Our net current assets decreased by 1.4% or RMB50.3 million from RMB3,608.3 million as of 31 December 2023 to RMB3,558.0 million as of 31 December 2024, primarily attributable to (i) decrease in pledged bank deposits of RMB251.8 million, (ii) increase in trade and other payables by RMB407.2 million, and (iii) increase in bank and other borrowings by RMB322.0 million, partially offset by (i) increase in inventories by RMB292.5 million, (ii) increase in trade and bills receivables by RMB389.3 million, and (iii) increase in bank balances and cash by RMB270.0 million.

Our net current assets increased by 2.4% or RMB86.8 million, from RMB3,558.0 million as of 31 December 2024 to RMB3,644.9 million as of 31 October 2025, primarily due to (i) increase in inventories by RMB412.7 million; (ii) increase in bank balances and cash by RMB145.7 million; (iii) increase in bill receivables at FVTOCI by RMB125.4 million; (iv) increase in trade and bill receivables by RMB71.4 million; (v) increase in other receivables, deposits and prepayments by RMB66.6 million, partially offset by (i) increase in bank and other borrowings by RMB635.2 million; (ii) increase in trade and other payables by RMB73.4 million; (iii) decrease in pledged bank deposits by RMB52.3 million.

Our net current assets increased by 4.3% or RMB156.6 million from RMB3,644.9 million as of 31 October 2025 to RMB3,801.5 million as of 30 November 2025, primarily attributable to (i) decrease in trade and other payables by RMB169.5 million; (ii) increase in pledged bank deposits by RMB151.2 million; and (iii) increase in bank balances and cash by RMB81.1 million, partially offset by decrease in trade and bills receivables by RMB260.4 million.

Inventories

Our inventories consist of raw materials, work in progress, finished goods, low value consumables and others. The table below sets out the breakdown of our inventories as of the dates indicated:

	As of 31 December			As of 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	2,050,888	2,461,495	2,631,638	2,555,252
Work in progress	229,292	272,802	303,836	287,225
Finished goods	273,569	391,693	479,970	957,650
Low value consumables	13,905	17,514	23,615	37,864
Others	12,779	8,301	7,459	4,781
Less: Write-down	(147,913)	(66,655)	(68,863)	(52,398)
Total	2,432,520	3,085,150	3,377,655	3,790,374

Most of our inventories consist of raw materials, such as resins, styrene monomers, etc. in the chemicals segment and bone pellets in the health and wellness segment, as well as work in progress, finished goods, low value consumables and others. As of 31 December 2022, 2023 and 2024 and 31 October 2025, our inventories were RMB2,432.5 million, RMB3,085.2 million, RMB3,377.7 million and RMB3,790.4 million respectively. The growth of inventories was generally in line with the growth of our revenues during the Track Record Period.

The table below sets forth an ageing analysis of our inventories, net of allowance for credit losses, as of 31 December 2022, 2023 and 2024 and 31 October 2025:

	As of 31 December			As of 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,498,271	3,071,906	3,354,172	3,701,010
Between 1 and 2 years	44,304	42,258	63,831	74,643
Between 2 and 3 years	20,558	15,528	11,482	35,177
Over 3 years	17,299	22,113	17,033	31,942
Write-down	(147,913)	(66,655)	(68,863)	(52,398)
Total	2,432,520	3,085,150	3,377,655	3,790,374

Turnover days

The following table set out the average turnover days of inventories for the years/periods indicated:

	FY2022	FY2023	FY2024	10MFY2025
Average turnover days of inventories *(note)*	68	64	67	70

Note: Inventories turnover days for the years ended 31 December, 2022, 2023 and 2024 and the ten months ended 31 October 2025 are calculated using the average of beginning balance and ending balance of inventories of the year/period divided by costs of sales for the same year/period and multiplied by 365 days for a given year or 304 days for a ten-month period.

Our inventory turnover days for FY2022, FY2023, FY2024 and 10MFY2025 remained stable at 68 days, 64 days, 67 days and 70 days, respectively. Our inventory turnover days remained stable during FY2022 to FY2024. Our inventory turnover days increased slightly by 3 days in 10MFY2025.

As of the Latest Practicable Date, RMB2,834.9 million or 73.8% of our inventories as of 31 October 2025 had been used, consumed or sold.

Trade and bills receivable

Our trade and bills receivables are mainly derived from the sale of our products in the chemicals and health and wellness segments. We typically provide credit terms to our customers up to 90 days. Our trade and bills receivables are non-interest-bearing. See note 25 to "Appendix I — Accountants' Report".

The following table provides the breakdown of our trade and bills receivables as at the dates indicated:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	1,697,504	2,589,683	2,889,964	2,913,312
Bills receivables	544,194	591,574	682,974	720,389
Less: Expected credit loss	(72,829)	(115,943)	(118,324)	(107,728)
Total	2,168,869	3,065,314	3,454,614	3,525,973

As at 31 December 2022, 2023 and 2024 and 31 October 2025, our trade and bill receivables were RMB2,168.9 million, RMB3,065.3 million, RMB3,454.6 million and RMB3,526.0 million, respectively. Growth in our trade and bills receivable during the Track Record Period was generally in line with our sales growth over the same period.

Ageing analysis

The table below sets forth an ageing analysis of our trade and bills receivables, net of allowance for credit losses, presented based on the date of revenue recognition as at 31 December 2022, 2023 and 2024 and 31 October 2025:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,073,602	2,989,156	3,381,567	3,483,430
1 to 2 years	39,124	11,962	14,334	14,804
2 to 3 years	53,258	31,780	7,807	8,809
Over 3 years	2,885	32,416	50,906	18,930
Total	2,168,869	3,065,314	3,454,614	3,525,973

Turnover days

The table below sets forth the turnover days of our trade and bills receivables for the periods indicated:

	FY2022	FY2023	FY2024	10MFY2025
Trade and bills receivables turnover days[(Notes)]	57	55	62	61

Note: Trade and bills receivables turnover days for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2025 is determined by dividing the average book value of the trade receivables and notes receivables at the beginning of the year/period and the end of the year/period by the revenue for the same year/period, then multiplied by 365 days for a given year or 304 days for a ten-month period.

Our trade receivables turnover days for FY2022, FY2023, FY2024 and 10MFY2025 remained stable at 57 days, 55 days, 62 days and 61 days, respectively. The increase in trade receivables turnover days since FY2024 was primarily due to the granting of longer credit terms to existing customers with longstanding business relationships, pursuant to our credit policies.

As of the Latest Practicable Date, 78.9% or RMB2,866.7 million of our Group's trade and bills receivables as of 31 October 2025 were settled.

Other receivables, deposits and prepayments

Our other receivables, deposits and prepayments mainly include (i) prepayments to suppliers, (ii) prepayment on construction and equipment, (iii) value-added tax credit refund and (iv) other receivables, etc. The following table sets out our other receivables, deposits and prepayments, as of the dates indicated:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayment on construction and equipment	63,151	50,928	100,477	121,021
Current				
Prepayments to suppliers	1,499,365	677,908	687,731	746,965
Deposits	18,140	10,596	9,871	10,299
Staff advances	1,318	1,438	1,314	1,384
Prepaid taxes	30	70	3,103	2,106
Value-added tax credit refund	41,242	100,268	81,865	92,170
Deferred [**REDACTED**] fees	–	–	–	[**REDACTED**]
Other receivables	88,838	106,937	59,848	46,988
Others	2,446	4,135	4,108	1,845
Less: Expected credit losses	(11,302)	(13,142)	(50,167)	(48,158)
Subtotal	1,640,077	888,210	797,673	864,316
Total	1,703,228	939,138	898,150	985,337

Our other receivables, deposits and prepayments decreased from RMB1,703.2 million as of 31 December 2022 to RMB939.1 million as of 31 December 2023, representing a decrease of RMB764.1 million, due to (i) delivery of goods by suppliers for which we made prepayments for short-term inventory stocking, and (ii) the decrease in our raw material purchase price in FY2023, which led to decrease in prepayments to suppliers from RMB1,499.4 million to RMB677.9 million.

Our other receivables, deposits and prepayments further decreased from RMB939.1 million as at 31 December 2023 to RMB898.2 million as at 31 December 2024, which was primarily attributable to (i) decrease in other receivables from RMB106.9 million to RMB59.8 million, primarily due to that the other receivables from Gon Chemical (Dongming) as at 31 December 2023, which were related to the acquisition of Gon Chemical (Dongming), were eliminated upon the consolidation of Gon Chemical (Dongming) financial statements into the Group's consolidated financial statement as at 31 December 2024, following the acquisition of Gon Chemical (Dongming) in FY2024, and (ii) increase in expected credit losses from RMB13.1 million to RMB50.2 million, mainly attributable to the acquisition of Gon Chemical (Dongming) and Hong Kong Petrochemical and their consolidation into the Group's financial statements, partially offset by (iii) the increase in prepayment on construction and equipment.

Our other receivables, deposits and prepayments increased from RMB898.2 million as at 31 December 2024 to RMB985.3 million as at 31 October 2025, which was primarily attributable to (i) an increase in prepayments to suppliers from RMB687.7 million as at 31 December 2024 to RMB747.0 million as at 31 October 2025, driven by increase in short-term inventory procurement as our sales expanded; (ii) an increase in value-added tax credit refund from RMB81.9 million as at 31 December 2024 to RMB92.2 million as at 31 October 2025; and (iii) increase in deferred [**REDACTED**] fees of RMB[**REDACTED**].

As of the Latest Practicable Date, 80.2% or RMB828.5 million of the Group's other receivables, deposits and prepayments has been settled.

Property, Plant & Equipment

The table below sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of 31 December			As of 31 October
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Plants and buildings	1,259,384	1,628,985	2,093,008	2,087,115
Machinery and equipment	903,538	976,347	1,253,411	1,219,048
Furniture and fixtures	44,961	53,344	59,968	51,350
Motor vehicles	17,301	20,122	26,814	25,535
Construction in progress	803,120	801,359	2,187,301	2,585,873
Total	3,028,304	3,480,157	5,620,502	5,968,921

Our property, plant and equipment increased from RMB3,028.3 million as at 31 December 2022 to RMB3,480.2 million as at 31 December 2023, mainly due to increase in plant and buildings of RMB369.6 million, due to the completion of Phase I construction of our manufacturing base at Zhejiang (Zhoushan).

Our property, plant and equipment increased from RMB3,480.2 million as at 31 December 2023 to RMB5,620.5 million as at 31 December 2024, mainly due to increase in plant and buildings of RMB464.0 million and increase in construction in progress of RMB1,385.9 million. The growth in plant and buildings was mainly due to (i) partial completion of construction of our Qingdao manufacturing base and (ii) the consolidation of assets of subsidiaries acquired by us, i.e. Gon Chemical (Dongming) and Hong Kong Petrochemical into the Group's accounts. The increase in construction-in-progress was mainly attributable to ongoing construction at the Qingdao base, as well as the addition of construction-in-progress of Gon Chemical (Dongming) following its integration into our consolidated financial statements.

Our property, plant and equipment increased from RMB5,620.5 million as at 31 December 2024 to RMB5,968.9 million as at 31 October 2025, mainly due to an increase of RMB398.6 million in construction-in-progress. The increase in construction-in-progress was mainly attributed to the ongoing construction of certain production bases, located at Qingdao, Heze, and Zhejiang.

As at 31 December 2022, 2023 and 2024 and 31 October 2025, buildings, plant and machinery and construction in progress of approximately RMB1,037.1 million, RMB1,026.7 million, RMB1,150.4 million and RMB910.1 million were pledged to secure bank and other borrowings granted to the Group.

Goodwill

Our goodwill was arisen from the acquisition of the Dongbao Bio-Tech in FY2021. The table below sets forth the details of goodwill as of the dates indicated:

	As at 31 December			As at 31 October
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At the beginning of the year/period	340,133	340,133	340,133	340,133
IMPAIRMENT				
At the beginning of the year/period	–	–	–	6,503
Impairment loss recognised during the year/period	–	–	6,503	1,655
At the end of the year/period	–	–	6,503	8,158
CARRYING VALUES				
At the beginning of the year/period	340,133	340,133	340,133	333,630
At the end of the year/period	340,133	340,133	333,630	331,975

For the purposes of impairment testing, goodwill and trademarks with indefinite useful lives acquired through business combination is allocated to Dongbao Bio-Tech cash-generating unit ("Dongbao Bio-Tech CGU"). Property, plant and equipment, right-of-use assets and trademarks (including allocation of corporate assets) that generate cash flows together with the related goodwill and trademarks are also included in the Dongbao Bio-Tech CGU.

The calculation of recoverable amount of the Dongbao Bio-Tech CGU as at 31 December 2022, 2023, 2024 and 31 October 2025 has been determined by the fair value less cost of disposal based on the enterprise value of Dongbao Bio-Tech and its subsidiaries by reference to the quoted market price available on Shenzhen stock exchange at the end of each of the Track Record Period, which are level 1 input in accordance with IFRS 13 Fair Value Measurement, after deducting the unrelated assets and liabilities with the CGU from the enterprise value of Dongbao Bio-Tech.

Based on the result of impairment assessment, the recoverable amount, carrying amount of Dongbao Bio-Tech CGU and details of impairment provision of Dongbao Bio-Tech CGU as at 31 December 2024 and 31 October 2025 are as follows:

31 December 2024	**Recoverable amount**	**Carrying amount**	**Percentage of the share hold by the Group**	**Impairment provision**
	RMB'000	*RMB'000*		*RMB'000*
Dongbao Bio-Tech CGU	2,776,279	2,806,981	21.18%	6,503

31 October 2025	**Recoverable amount**	**Carrying amount**	**Percentage of the share hold by the Group**	**Impairment provision**
	RMB'000	*RMB'000*		*RMB'000*
Dongbao Bio-Tech CGU	2,737,762	2,776,279	21.18%	8,158

In FY2024 and 10MFY2025, we recognized impairment losses of RMB6.5 million and RMB1.7 million, respectively in profit or loss, to write down the carrying amount of goodwill in relation to Dongbao Bio-Tech CGU to its recoverable amount.

The table below sets forth the sensitivity analysis and headroom for the key parameters used in the impairment tests of the Dongbao Bio-Tech CGU as of 31 December 2022, and 31 December 2023.

Impairment Assessment of the Dongbao Bio-Tech CGU as of 31 December 2022:

	Recoverable Amount	Carrying Value	Headroom
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Base case	3,728,045	2,904,084	823,961
Market Price +5%	3,947,886	2,904,084	1,043,802
Market Price +10%	4,167,727	2,904,084	1,263,643
Market Price -5%	3,508,204	2,904,084	604,120
Market Price -10%	3,288,363	2,904,084	384,279

Impairment Assessment of the Dongbao Bio-Tech CGU as of 31 December 2023:

	Recoverable Amount	Carrying Value	Headroom
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Base case	2,912,947	2,861,840	51,107
Market Price +5%	3,100,977	2,861,840	239,137
Market Price +10%	3,289,006	2,861,840	427,166
Market Price -5%	2,724,917	2,861,840	(136,923)
Market Price -10%	2,536,888	2,861,840	(324,952)

Intangible Assets

Set forth below is a breakdown of our intangible assets, as at the dates indicated:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trademark	266,166	266,166	255,072	266,194
Software	3,658	3,175	2,564	8,170
Non-patent technology	14,928	12,837	14,901	21,500
Patent	44,047	38,087	36,592	64,386
Total	328,799	320,265	309,129	360,250

The useful lives are as follows:

Patent rights and non-patented technology	5 years to 15 years
Software	3 years to 10 years
Trademark	Indefinite life

The trademarks have a legal life of 10 years but is renewable every 10 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

The recoverable amount of trademarks is determined based on a value in use calculation using cash flow projections directly attributable to the trademarks based on financial budgets covering a five-year period approved by the management.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of trademarks:

Revenue	The basis used to determine the value assigned is based on past performance and management expectation for the market development and planned production capacity of the product directly attributable to the trademarks.
Royalty rate	The royalty rate is estimated based on the royalty rates from similar intangible assets in the same industry and adjusted to modify rates based on asset uniqueness, market position, and exclusivity.
Discount rates	The discount rates used are before tax and reflect specific risk relating to Dongbao Bio-Tech and adjusted for trademarks-specific risks. The discount rates applied to cash flow projections during the Track Record Period were assumed to be 14.20%, 12.93%, 13.80% and 12.00%, respectively,

Long-term growth rate . . . . The growth rates used to extrapolate the cash flows beyond the five-year period for collagen series products were 1% while the growth rates used to extrapolate the cash flows beyond the five-year period for gelatin series products were 0% throughout the Track Record Period. The growth rates do not exceed long-term average growth rates for the business in which the CGU operates. The growth rates and discount rates have been assessed taking into consideration higher degree of estimation uncertainties in the current year due to volatility in the financial markets.

The values assigned to the key assumptions on market development of the industries in which the CGU operates, discount rate and long-term growth rate are consistent with external information sources.

An impairment loss of RMB11.1 million and RMB19.8 million was recognised in FY2024 and 10MFY2025, respectively, due to the unfavorable market conditions of health industry, and that the performance of cash-generating units did not meet our expectations. However, considering that the cash-generating units are operating normally, with positive gross profit margins and net profit margins, we plan to continue the operation of the related businesses and continue to conduct transactions with relevant customers.

The following table presents the sensitivity analysis and headroom for key parameters used in the trademark impairment testing as of 31 December 2022 and 2023.

Impairment Assessment of the trademark as of 31 December 2022:

	Recoverable Amount	**Carrying Value**	**Headroom**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Base case	274,083	266,166	7,917
Revenue +1%	276,921	266,166	10,755
Revenue +3%	282,297	266,166	16,131
Revenue -1%	271,345	266,166	5,179
Revenue -3%	265,870	266,166	(296)
Discount rate +1%	271,421	266,166	5,255
Discount rate +3%	266,067	266,166	(99)
Discount rate -1%	276,965	266,166	10,799
Discount rate -3%	282,697	266,166	16,531

Impairment Assessment of the trademark as of 31 December 2023:

	Recoverable Amount	Carrying Value	Headroom
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Base case	273,508	266,166	7,342
Revenue +1%	276,280	266,166	10,114
Revenue +3%	281,624	266,166	15,458
Revenue -1%	270,736	266,166	4,570
Revenue -3%	265,292	266,166	(874)
Discount rate +1%	270,882	266,166	4,716
Discount rate +3%	265,672	266,166	(494)
Discount rate -1%	276,146	266,166	9,980
Discount rate -3%	281,762	266,166	15,596

In relation to trademark that was impaired during FY2024 and 10MFY2025, any changes in the above key parameters may result in further impairment.

Trade and other payables

Our trade and other payables primarily consisted of (i) trade and bill payables, which represented the outstanding amount payable by us to our supplier of production material, (ii) construction payables, (iii) taxes other than income tax, and (iv) endorsed bills receivables without been recognized and not yet due.

During the Track Record Period, our trade and bill payable are non-interest-bearing. The table below sets out the breakdowns of our trade and other payables as at the dates indicated below:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	739,299	673,141	624,700	473,226
Bill payables	2,300,213	3,349,027	3,490,639	3,697,756
Other deposits	3,842	3,478	1,770	1,162
Interest payables	4,187	6,250	5,561	14,832
Construction payables	99,016	81,103	216,902	193,089
Other taxes payables	49,640	48,695	168,636	151,736
Payroll and welfare payables	37,144	45,467	69,690	63,980
Endorsed bills receivables to suppliers	118,385	119,773	131,381	142,397
Other payables	22,344	21,362	46,223	90,759
Total	3,374,070	4,348,296	4,755,502	4,828,937

Our trade and other payables increased by 28.9% or RMB974.2 million from RMB3,374.1 million as at 31 December 2022 to RMB4,348.3 million as at 31 December 2023, which was mainly due to the increase of RMB1,048.8 million in bills payable, due to increased use of bank's acceptance bills, after considering the Group's procurement plan, funding arrangement and financial cost, partly offset by (i) a decrease of RMB66.2 million in trade payables due to more payment being settled by way of bank's acceptance bills and (ii) a decrease of RMB17.9 million in construction payables due to settlement of construction fees during the period.

Our trade and other payables increased by 9.4% or RMB407.2 million, from RMB4,348.3 million as of 31 December 2023, to RMB4,755.5 million as of 31 December 2024. This increase was primarily attributable to (i) an increase in bill payables by RMB141.6 million, driven by expansion of procurement scale; and (ii) increase in construction payables by RMB135.8 million, primarily attributable to the addition of payables in relation to construction and equipment of Gon Chemical (Dongming) to the consolidated statement of the Group.

Our trade and other payables increased by 1.5% or RMB73.4 million, from RMB4,755.5 million as of 31 December 2024, to RMB4,828.9 million as of 31 October 2025. This increase was primarily attributable to increase of RMB207.1 million in bills payable as we increased the use of bills, partially offset by a decrease of RMB151.5 million in trade payables due to the increased use of bank acceptances to settle our payments.

Ageing Analysis

As at 31 December 2022, 2023 and 2024 and 31 October 2025, the ageing analysis of the trade and bills payables presented based on the date of service provided and date of goods acceptance is as follows:

	As at 31 December			As at 31 October
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	3,004,101	4,001,289	4,087,449	4,145,085
Over 1 year	35,411	20,879	27,890	25,897
Total	3,039,512	4,022,168	4,115,339	4,170,982

Turnover Days

The following table shows the turnover days of our trade and bill payables for the periods indicated:

	2022	2023	2024	10MFY2025
Trade and bill payables turnover days[(Note)]	77	81	84	81

Note: Trade and bills payables turnover days are calculated based on the average of the beginning and ending balance of trade and bills payables divided by the cost of sales for the relevant year/period multiplied by number of days in the relevant year/period (i.e. 365 days for FY2022, FY2023 and 304 days for 10MFY2025). Average trade and bills payables are calculated as the sum of the beginning balance and ending balance for the relevant year/period, divided by two.

Our trade and bill payables turnover days for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2025 were 77 days, 81 days, 84 days and 81 days respectively, mainly due to our enhanced management of supplier credit periods.

As at the Latest Practicable Date, RMB1,675.6 million, or 40.2% of our Group's trade and bills payable as at 31 October 2025 has been settled.

Contract liabilities

Contract liabilities represented our obligations to provide the contracted products to customers. Our contract liabilities mainly arise from the advance payment made by customers while the underlying products are not yet to be provided. As at 31 December 2022, 2023 and 2024 and 31 October 2025, we recorded contract liabilities of RMB120.6 million, RMB99.5 million, RMB81.7 million and RMB67.0 million, respectively.

As at the Latest Practicable Date, RMB55.3 million, or 82.5% of our contractual liabilities as at 31 October 2025 was recognized as revenue.

Investment properties

The fair value of the Group's investment properties as at 31 December 2022, 2023, 2024 and 31 October 2025 was RMB38,574,000, RMB38,977,000, RMB6,731,000 and RMB6,717,000, respectively. The fair value has been arrived at based on a valuation carried out by an independent valuer.

The significant decrease in fair value of the Group's investment properties as at 31 December 2024 was primarily due to the sale of several properties located at Qingdao by the Group during the year.

CASH FLOWS

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

	FY2022	FY2023	FY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net cash from operating activities	290,016	485,591	507,393	618,394
Net cash used in investing activities	(790,301)	(744,621)	(809,297)	(582,222)
Net cash from financing activities	938,897	705,119	570,453	119,413
Net increase in cash and cash equivalents	438,612	446,089	268,549	155,585
Cash and cash equivalents at the end of the year/period	1,298,034	1,744,791	2,014,764	2,160,454

Net cash from operating activities

During the Track Record Period, our cash inflow from operating activities mainly came from the sales of our chemicals and health and wellness products, while our cash outflow to operating activities mainly include the costs of raw material, labour costs, transport costs, etc.

Net cash from operating activities was RMB618.4 million in 10MFY2025, primarily due to profit before tax of RMB819.9 million, as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included, depreciation of property, plant and equipment of RMB249.2 million, finance costs of RMB151.8 million and (ii) negative adjustments, which primarily included increase of inventories of RMB463.5 million, and increase in bills receivables at FVTOCI of RMB125.4 million.

Net cash from operating activities was RMB507.4 million in FY2024, primarily due to profit before tax of RMB797.1 million, as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included, depreciation of property, plant and equipment of RMB244.9 million, finance costs of RMB144.6 million and decrease in restricted bank deposits of RMB251.8 million, and (ii) negative adjustments, which primarily included gain on bargain purchase of RMB168.2 million, increase in inventories of RMB352.8 million, and increase in trade and bill receivables of RMB338.3 million.

Net cash from operating activities was RMB485.6 million in FY2023, primarily due to profit before tax of RMB577.9 million, as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included, depreciation of property, plant and equipment of RMB228.3 million, finance costs of RMB122.7 million, write-down of inventories of RMB144.4 million, decrease in other receivables, deposits and prepayments of

RMB750.0 million and increase in trade payables of RMB982.7 million, and (ii) negative adjustments, which primarily included increase in inventories of RMB797.0 million, increase in restricted bank deposits of RMB574.1 million and increase in trade and bill receivables of RMB968.1 million.

Net cash from operating activities was RMB290.0 million in FY2022, primarily due to profit before tax of RMB785.2 million, as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included, depreciation of property, plant and equipment of RMB191.5 million, finance costs of RMB100.9 million, write-down of inventories of RMB182.5 million and increase in trade payables of RMB1,098.6 million, and (ii) negative adjustments, which primarily included increase in inventories of RMB631.1 million, increase in restricted bank deposits of RMB398.0 million, increase in trade and bill receivables of RMB214.5 million and increase in other receivables, deposits and prepayments of RMB649.2 million.

Net cash used in investment activities

During the Track Record Period, net cash used in our investing activities primarily consisted of purchase of property, plant, and equipment, as well as payments made for the acquisition of equity interests in subsidiaries and a joint venture.

Net cash flow used in investment activities was RMB582.2 million in 10MFY2025, primarily due to purchases of items of property, plant and equipment of RMB603.0 million.

Net cash flow used in investment activities was RMB809.3 million in FY2024, primarily due to purchases of items of property, plant and equipment of RMB331.1 million, acquisition of subsidiaries of RMB358.4 million and acquisition of investment in a joint venture of RMB200.0 million.

Net cash flow used in investment activities was RMB744.6 million in FY2023, primarily due to purchases of items of property, plant and equipment of RMB647.4 million.

Net cash flow used in investment activities was RMB790.3 million in FY2022, primarily due to purchases of items of property, plant and equipment of RMB735.5 million.

Net Cash flow from financing activities

During the Track Record Period, our cash flows from financing activities primarily comprised of proceeds from bank and other borrowings, proceeds from the issuance of convertible bonds, etc., and were primarily offset by: (i) repayments of bank and other borrowings, (ii) payments of dividends and interest, and (iii) repurchases of A shares.

Net cash flow from financing activities was RMB119.4 million in 10MFY2025, primarily due to proceeds from bank and other borrowings of RMB3,541.5 million, partially offset by repayment of bank and other borrowings of RMB3,083.6 million, dividends and interests paid of RMB236.6 million and payment on repurchase of shares by Dongbao Bio-Tech of RMB56.1 million.

Net cash flow from financing activities was RMB570.5 million in FY2024, primarily due to proceeds from bank and other borrowings of RMB4,518.8 million, partially offset by repayment of bank and other borrowings of RMB3,525.4 million, interest and dividend paid of RMB210.3 million and payment on repurchase of A Shares of RMB130.3 million.

Net cash flow from financing activities was RMB705.1 million in FY2023, primarily due to proceeds from bank and other borrowings of RMB3,433.4 million, partially offset by repayment of bank and other borrowings of RMB2,839.7 million and payments of dividends and interest of RMB218.0 million.

Net cash flow from financing activities was RMB938.9 million in FY2022, primarily due to proceeds from bank and other borrowings of RMB2,401.7 million, partially offset by repayment of bank and other borrowings of RMB1,322.5 million and payments of dividends and interest of RMB181.3 million.

WORKING CAPITAL

The Directors are of the opinion that, taking into consideration our Group's internal resources, the banking facilities presently available to our Group, and the estimated [**REDACTED**] from the [**REDACTED**], our Group has sufficient working capital for our Group's present requirements for at least the next 12 months commencing from the date of this document.

INDEBTEDNESS

The table below sets forth the indebtedness as of the dates indicated:

	As at 31 December			As at 31 October	As at 30 November
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current liabilities					
Bank and other borrowings	1,725,921	1,895,339	2,217,366	2,852,517	2,874,232
Convertible bonds	–	327,018	340,635	351,829	353,194
Lease liabilities	14,669	10,806	20,711	20,913	21,295
Sub-total	1,740,590	2,233,163	2,578,712	3,225,259	3,248,720

	As at 31 December			As at 31 October	As at 30 November
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Non-Current liabilities					
Bank and other borrowings	1,396,900	1,821,157	3,627,482	3,468,875	3,570,430
Lease liabilities	21,974	14,800	24,939	15,018	13,213
Sub-total	1,418,874	1,835,957	3,652,421	3,483,893	3,583,643
Total	3,159,464	4,069,120	6,231,133	6,709,152	6,832,363

Bank and other borrowings

The table below sets forth our interest-bearing borrowings as of the dates indicated:

	As at 31 December			As at 31 October	As at 30 November
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current					
Discounted bills receivables	2,071	13,877	101,382	60,000	60,000
Bank loans-secured	249,600	180,000	206,717	180,000	170,000
Bank loans-guaranteed	1,249,000	1,498,400	1,757,294	802,584	767,784
Bank loans-secured and guaranteed	105,250	83,712	57,860	108,811	121,906
Bank loans-unsecured	120,000	23,000	20,000	1,575,284	1,628,705
Other borrowing-guaranteed	–	96,350	–	–	–
Other borrowing-unsecured	–	–	74,113	125,838	125,838
Sub-total	1,725,921	1,895,339	2,217,366	2,852,517	2,874,232

	As at 31 December			As at 31 October	As at 30 November
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Non-Current					
Bank loans-secured	206,050	224,767	206,050	–	–
Bank loans-guaranteed	342,400	859,890	1,647,283	264,090	357,140
Bank loans-secured and guaranteed	848,450	736,500	712,140	825,189	849,464
Bank loans-unsecured	–	–	–	1,371,266	1,355,496
Other borrowings-secured and guaranteed	–	–	799,554	797,601	797,601
Other borrowings-unsecured	–	–	262,455	210,729	210,730
Sub-total	1,396,900	1,821,157	3,627,482	3,468,875	3,570,430
Total	3,122,821	3,716,496	5,844,848	6,321,392	6,444,662

As of 31 December 2022, 2023, 2024 and 31 October 2025, we had interest-bearing bank and other borrowings with effective interest rate typically ranging from 1.05% to 4.95% of RMB3,122.8 million, RMB3,716.5 million, RMB5,844.8 million and RMB6,321.4 million. Such bank and other borrowings were primarily used for supporting our business operations.

Our interest bearing bank and other borrowings increased from RMB3,122.8 million as of 31 December, 2022 to RMB3,716.5 million as of 31 December, 2023 primarily due to our increase of bank and other borrowings to fund our business operations. Our interest bearing bank and other borrowings increased from RMB3,716.5 million as of 31 December, 2023 to RMB5,844.8 million as of 31 December, 2024 primarily due to (i) our strategic increase of bank and other borrowings in FY2024 at a time when interest rates are relatively low, (ii) the addition of interest bearing loans and other borrowings from newly acquired subsidiaries to our consolidated statements. Our interest bearing bank and other borrowings increased from RMB5,844.8 million as of 31 December, 2024 to RMB6,321.4 million as of 31 October, 2025 as we obtained additional loan to fund our business operations. Our interest bearing bank and other borrowings remained relatively stable at RMB6,321.4 million and RMB6,444.7 million as of 31 October 2025 and 30 November 2025, respectively.

As of Latest Practicable Date, we had unutilized banking facilities of RMB7,049.3 million.

During the Track Record Period, our Controlling Shareholders provided guarantees for certain of our bank borrowings (the "**Controlling Shareholders' Guarantees**"). As at the Latest Practicable Date, such guarantees have been released.

LEASE LIABILITIES

The following table sets forth details of our lease liabilities as at the dates indicated:

	As of December 31			As at 31 October	As at 30 November
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current					
Lease liabilities . .	14,669	10,806	20,711	20,913	21,295
Non-current					
Lease liabilities . .	21,974	14,800	24,939	15,018	13,213
Total	36,643	25,606	45,650	35,931	34,508

Our lease liabilities primarily consist of leases for premises and port facilities with lease terms of one year or longer. Our lease liabilities decreased from RMB36.6 million as at 31 December 2022 to RMB25.6 million as at 31 December 2023, primarily due to (i) repayment of rents and (ii) early termination of certain leases. Our lease liabilities increased from RMB25.6 million as at 31 December 2023 to RMB45.7 million as at 31 December 2024, primarily due to the inclusion of lease liability of a port facility of our newly acquired affiliate, Hong Kong Petrochemical to our consolidated financial statements. Our lease liabilities decreased from RMB45.7 million as at 31 December 2024, to RMB35.9 million as at 31 October 2025 mainly due to payment of rents. Our lease liabilities decreased from RMB35.9 million as of 31 October 2025 to RMB34.5 million as of 30 November 2025, primarily due to payment of rent.

Convertible bonds

On 31 July 2023, the subsidiary of our Group issued 6-Year convertible bonds bearing interest ranged from 0.3% to 2.5% per annum, which were due on 30 July 2029 with an aggregate principal amount of RMB455,000,000. The Company purchased 21.18% of the issued convertible bonds. The convertible bonds were denominated in RMB and entitle the holders to convert them into ordinary shares of Dongbao Bio-Tech at any time on or after 5 February 2024 and thereafter up to the close of business on 30 July 2029.

The convertible bonds issued during the period/year have been split into the liability and equity components. The following table sets forth the movements and reconciliation of the liability components of convertible bonds as at the dates indicated:

	Date of issue (31 July 2023) to 31 December 2023	Year ended 31 December 2024	Ten months ended 31 October 2025	Eleven months ended 30 November 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Carrying amount as at 1 January	–	327,018	340,635	340,635
Issued during the period/year	320,730	–	–	–
Converted into shares of Dongbao Bio-Tech	–	(25)	(6)	(6)
Interest expenses	6,288	13,642	11,200	12,565
Carrying amount as at 31 December	327,018	340,635	351,829	353,194

CONTINGENT LIABILITIES

At the end of each of the Track Record Period and as of the Latest Practicable Date, our Group did not have any material contingent liabilities.

Except as disclosed in this document, as of 30 November 2025, we did not have any outstanding or authorized but unissued debt securities, term loans, other borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, mortgages and charges, guarantees or other material contingent liabilities.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and 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 loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors also confirm that there has been no material change in our indebtedness since 30 November 2025 and up to the date of this document.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditures

Our capital expenditures primarily consist of expenditures for property, plant and equipment, right-of-use assets, intangible assets and acquisition of subsidiaries. We have financed our capital expenditures primarily through cash flow from operations and bank and other borrowings. For FY2022, FY2023, FY2024 and 10MFY2025, we made the following capital expenditures:

	FY2022	FY2023	FY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	735,532	647,381	331,068	602,953
Right-of-use assets	50,242	69,333	6,766	–
Intangible assets	12,863	487	9,228	5,543
Acquisition of subsidiaries	–	–	358,383	–
Total	798,637	717,201	705,455	608,496

Capital Commitments

Our capital commitments are mainly related to the construction of plants which had been contracted but not yet paid for. The table below sets out our capital commitments as of the dates indicated:

	As of 31 December			As of 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital commitments	402,724	498,593	733,752	516,356

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities, proceeds from issuing of convertible bonds and proceeds from bank and other borrowings. As of 31 October 2025, we had cash and cash equivalents of RMB2,160.5 million.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from our operating activities, bank facilities and [**REDACTED**] from the [**REDACTED**].

KEY FINANCIAL RATIOS

	For the year ended/As at 31 December			For the ten months ended/As at 31 October
	2022	2023	2024	2025
Current ratio[(1)]	1.6 times	1.5 times	1.5 times	1.4 times
Quick ratio[(2)]	1.1 times	1.1 times	1.0 times	1.0 times
Return on equity[(3)]	12.3%	8.5%	10.2%	9.5%
Return on total assets[(4)]	5.7%	3.6%	3.9%	3.7%
Gearing ratio[(5)]	53.5%	63.8%	88.6%	88.4%

(1) Current ratio is calculated by dividing current assets with current liabilities as at the end of the respective year/period.

(2) Quick ratio is calculated by dividing total current assets net of inventory with current liabilities as at the end of the respective year/period.

(3) Return on equity is calculated by profit for the year/annualised profit for the period divided by total equity as at the end of the respective year/period multiplied by 100%. Our return on equity decreased from 12.3% for FY2022 to 8.5% for FY2023, primarily due to the decrease in our profit. Our return on equity increased from 8.5% for FY2023 to 10.2% for FY2024, due to increase in our profit.

(4) Return on total assets is calculated by profit for the year/annualised profit for the period divided by total assets as at the end of the respective year/period multiplied by 100%. Our return on total assets decreased from 5.7% for FY2022 to 3.6% for FY2023, primarily attributable to decrease in our profit. Our return on total assets increased from 3.6% for FY2023 to 3.9% for FY2024, due to increase in our profit.

(5) Gearing ratio is calculated based on the total interest-bearing debt divided by total equity as at the end of respective year/period multiplied by 100%. Our gearing ratio increased from 53.5% for FY2022 to 63.8% for FY2023, as we obtained additional bank borrowings to support our business operations. Our gearing ratio increased from 63.8% for FY2023 to 88.6% for FY2024, mainly due to (i) the decrease in the Loan Prime Rate (LPR) in FY2024, which lowered the effective interest rates of our short-term and long-term loans from 3%-4.35% in FY2023 to 2.5%-3.95% in FY2024, which prompted us to strategically increased the amount of our borrowings in 2024 when interest rates were relatively low to provide funding for business operations, and (ii) the inclusion of interest-bearing bank loans and other borrowings from newly acquired subsidiaries in our consolidated financial statements.

FINANCIAL RISKS

We face various financial risks, including currency risk, interest rate risk, credit risk, and liquidity risk. For details on our risk exposures and sensitivity analysis, please refer to note 41 to "Appendix I — Accountants' Report" to this document.

Interest rate risk

Our Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, restricted bank deposits and bank balances.

Our Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank and other borrowings, interest bearing portion of convertible bonds. Our Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, our management will consider hedging significant interest rate exposure should the need arise.

Foreign currency risk

Our Group's transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. Our Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currency other than the functional currency of the relevant group entity. The majority of our Group's foreign currency transactions and balances are denominated in HKD, EUR and USD. Our management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

In order to minimise the credit risk of trade and bills receivables, our management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, our Group reviews the recoverable amount of these balances individually and/or collectively at the end year/period to ensure that adequate impairment losses are made for irrecoverable amounts.

Liquidity risk

Our Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. Our management closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance our Group's property projects and operations.

Capital Risk Management

Our Group manages its capital to ensure that entities in our Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Our Group's overall strategy remains unchanged during the Track Record Period.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details relating to our related party transactions, please see Note 50 to the Accountants' Report set out in Appendix I to this document. The Directors confirm that our transactions with related parties during the Track Record Period were conducted in the ordinary course of business and on an arm's length basis.

OFF-BALANCE SHEET ARRANGEMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, we did not enter into, nor do we expect to enter into, any off-balance sheet arrangements or commitments.

DIVIDEND POLICY

We have adopted a dividend policy. According to our dividend policy which is in line with the Articles of Association, our annual cash dividend shall be no less than 10% of the distributable profits of the relevant year, further, we are required to pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our average net profits for those three fiscal years which are available for distribution. Under the dividend policy, cash dividend may be declared when the following conditions are met: (i) the Group's net profit for the most recent fiscal year is positive; (ii) the undistributed profits at the end of the year in both the consolidated financial statements of the Group and the Company's financial statements are positive; and (iii) we meet the capital requirements for normal production and operation, and no significant investment plans or major cash expenditure plans (excluding fundraising investment projects) are in place.

Profits may be distributed in the form of cash, shares, a combination of cash and shares or in any other forms permitted by laws and regulations. We prefer the distribution of dividend in form of cash, and subject to satisfaction of cash distribution conditions, profits distribution will be made in the form of cash dividend.

Dividends declared by us and our subsidiaries during the Track Record Period are as follows:

	FY2022	FY2023	FY2024	10MFY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividends declared by the subsidiaries to non-controlling shareholders	2,807	12,165	10,294	11,433
Dividends declared by the Company	67,813	67,813	48,346	74,200
Total	70,620	79,978	58,640	85,633

As at the Latest Practicable Date, the above dividends were paid in full. In June 2025, our shareholders' meeting has approved the proposal to declare a cash dividend in the amount of RMB74.2 million for the year ended 31 December 2024, and as at the Latest Practicable Date, these dividends were paid in full. In May 2025, the shareholders' meeting of our subsidiary, Dongbao Bio-Tech, has approved the proposal to declare a cash dividend in the amount of RMB11.4 million to non-controlling shareholders for the year ended 31 December 2024, as at the Latest Practicable Date, these dividends were paid in full by Dongbao Bio-Tech.

DISTRIBUTABLE RESERVE

As of 31 October 2025, we have RMB4,111.7 million of retained profits available for distribution to our shareholders.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF OUR GROUP ATTRIBUTABLE TO OWNERS OF OUR COMPANY

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**] range) and assuming the full payment of the discretionary incentive fee, if any, we expect to incur approximately HKD[**REDACTED**] of [**REDACTED**] (including (i) [**REDACTED**] expenses, including but not limited to commissions, fees, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee, amounting to approximately HKD[**REDACTED**], and (ii) fees and expenses of legal advisers and accountants amounted to approximately HKD[**REDACTED**] and other fees and expenses relating to the [**REDACTED**], including but not limited to the [**REDACTED**] application fees, amounting to approximately HKD[**REDACTED**]), accounting for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. Approximately HKD[**REDACTED**] of our [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income and approximately HKD[**REDACTED**] is expected to be deducted from equity upon [**REDACTED**]. Approximately HKD[**REDACTED**] of our [**REDACTED**] was charged to our consolidated statements of profit or loss during the Track Record Period, with an additional HKD[**REDACTED**] to be charged thereafter. The estimate of [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENTS

Our Directors have confirmed that subsequent to the Track Record Period and up to the date of this document, there have been no material adverse changes in our business.

Our Directors confirmed that, as of the date of this document, there has been no material adverse change in our financial position since 31 October 2025, and there has been no event since 31 October 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

FUTURE PLANS AND PROSPECTS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

The [**REDACTED**] we will receive will be approximately: (i) HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range); (ii) HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the low end of the indicative [**REDACTED**] range); or (iii) HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the high end of the indicative [**REDACTED**] range). We currently intend to apply these [**REDACTED**] for the following purposes:

- **approximately [REDACTED], or HK$[REDACTED] (or RMB[REDACTED]), will be allocated to expanding our production capacity with a new production base in Thailand (the "Thailand Production Base")**

  To better serve our downstream industries, in particular, home appliances manufacturers, which have demonstrated a trend of expanding their production base to Southeast Asia, we plan to build a new production base in Thailand which will not only expand our production capacity but also mark our first step to the global market, in particular, the South East Asia market. It is estimated that our total investment costs to be spent on the Thailand Production Base will be RMB[**REDACTED**] whereas [**REDACTED**]% will be funded by the [**REDACTED**] from the [**REDACTED**] and the remaining will be funded by internal resources. It is expected that we will incur total investment cost amounting to RMB[**REDACTED**], RMB[**REDACTED**] and RMB[**REDACTED**] in FY2026, FY2027 and FY2028, respectively. We plan to commence the construction of the Thailand Production Base in 2026 and is expected to be completed in 2028. Designed with flexible production lines capable of producing different products upon adjustment, it is expected that our production capacity of organic polymer modified materials and/or organic polymer composite materials will be increased by approximiately 230,000 tonne in total upon completion of the Thailand Production Base. It is our plan to acquire a site of approximately 80,000 sq.m. in the Eastern Economic Corridor in Eastern Thailand for the construction of the Thailand Production Base.

  Based on current estimation, and subject to actual demand and other operating conditions at the time of its opening, the breakeven point of our Thailand Production Base (i.e. when sales cover its costs and expenses resulting in zero net income) is approximately within three years from the commencement date of its construction. The expected time required for our Thailand Production Base to recover the investment costs (i.e. the investment payback period) is approximately seven years from the commencement date of its construction.

While we had no experience in running production and operation in Thailand, to manage differences in regulatory and competitive landscape, we have conducted feasibility study on the construction of the Thailand Production Base. Various aspects including location selection criteria, regulatory risks, macro economy, political environment, cultural differences and other operational risks relevant measures are considered in the feasibility study. The feasibility study also covers design and construction proposal of Thailand Production Base having taken into account local utilities and public infrastructure considerations, as well as detailed financial analysis including estimation of investment payback and breakeven period. The feasibility study also covers applicable regulatory requirements, in particular, environmental regulations and standards, as well as requisite licences and/ or approvals from the relevant authorities. Based on the feasibility study, since the Thailand Production Base is designed to meet or exceed the relevant regulatory standards applicable, we expect that there will be no material legal impediment for us to obtain the requisite regulatory approvals for commencement of production, provided that we submit all necessary documents in accordance with the applicable laws and regulations. In light of the feasibility study and that our comparable companies in China have deployed production layout in Southeast Asia and some of them have already successfully commenced overseas operation, given our experience in the industry for more than two decades, in particular, experience in serving domestic customers which are internationally reputable, including leading automakers and home appliances brands, we believe that we would also be able to manage differences and associated risks arising from our expansion in Thailand.

- **approximately [REDACTED]%, or HK$[REDACTED] (or RMB[REDACTED]), will be allocated to expanding our production capacity with a new production base in the PRC (the "Yixing Production Base")**

  In light of the favourable industry landscape, to capture the emerging opportunities, we plan to build a new production base, presently planned for the production of organic polymer modified materials and organic polymer composite materials in Yangtze River Delta. It is estimated that our total capital expenditure to be spent on the Yixing Production Base will be RMB[**REDACTED**] whereas [**REDACTED**]% will be funded by the [**REDACTED**] from the [**REDACTED**] and the remaining will be funded by internal resources. It is expected that we will incur total investment cost amounting to RMB[**REDACTED**], RMB[**REDACTED**] and RMB[**REDACTED**] in FY2026, FY2027 and FY2028, respectively. We plan to commence the construction of the Yixing Production Base in 2026 and is expected to be completed in 2028. Designed with flexible production lines capable of producing different products upon adjustment, it is expected that our production capacity of organic polymer modified materials and/or organic polymer composite materials will be increased by approximately 232,200 tonne in total upon completion of the Yixing Production Base. It is our plan to acquire a site of approximately 100,000 sq.m. in Yixing, the PRC, for the construction of the Yixing Production Base. Similar to our other production bases in different provinces, we will need to obtain various licenses and permits, including but not limited to, pollutant discharge

permits, pollutant discharge Permits of Stationary Pollution Sources, construction permits etc. As advised by our PRC Legal Advisers, provided that we submit all necessary documents in accordance with the applicable laws and regulations, there will be no material legal impediment for us to obtain the requisite regulatory licenses and permits.

Based on current estimation and subject to actual demand and other operating conditions at the time of its opening, the breakeven point of our Yixing Production Base (i.e. when sales cover its costs and expenses resulting in zero net income) is approximately within three years from the commencement date of its construction. The expected time required for our Yixing Production Base to recover the investment costs (i.e. the investment payback period) is approximately 6.7 years from the commencement date of its construction.

- **Approximately [REDACTED]%, or HK$[REDACTED] (or RMB[REDACTED]), will be allocated to our investment in Hong Kong including setting up our regional headquarters and upgrade of our production base**

  We plan to invest in Hong Kong. In this connection, we plan to establish a regional headquarters in Hong Kong (the "Hong Kong Regional Headquarters") as the focal point of our future expansion into the international market, including the South East Asia market, which echoes with our expansion plan in Thailand. It is expected the Hong Kong Regional Headquarters will be multi-functional which will integrate the functions of R&D center, sales office and digital exhibition hall. Currently, we plan to lease a property for the Hong Kong Regional Headquarters. To achieve our plan, we also plan to recruit 12 to 15 R&D personnels and 15 to 20 sales personnels.

  At the same time, to support local industrial activities, we plan to renovate and upgrade the existing production base of Hong Kong Petrochemical, including its production lines and other equipment to improve production efficiency and product quality. Upon renovation and upgrade, the Hong Kong Petrochemical Production Base will continue to focus on the production of green petrochemical materials. For our investment in Hong Kong (including Hong Kong Regional Headquarters and upgrade of the existing production base of Hong Kong Petrochemical), it is expected that we will incur total investment cost amounting to RMB[**REDACTED**]; whereas RMB[**REDACTED**], RMB[**REDACTED**] and RMB[**REDACTED**] will be incurred in FY2026, FY2027 and FY2028, respectively [**REDACTED**]% of the total investment cost will be funded by the [**REDACTED**] from the [**REDACTED**] and the remaining will be funded by internal resources. It is expected that both the establishment of the Hong Kong Regional Headquarters and the upgrade of Hong Kong Petrochemical production base will commence in 2026 and are expected to complete in 2027.

- **approximately [REDACTED]% of the [REDACTED], or approximately HK$[REDACTED] (or RMB[REDACTED]), is expected to be used for working capital and general corporate purposes.**

Rationale of our Production Expansion Plans

We plan to expand our production capacity in organic polymer modified materials and organic polymer composite materials with the new Thailand Production Base and Yixing Production Base (the "Production Expansion Plans"). We consider that our plans are justified. Firstly, our expansion is supported by, not only the favourable domestic market landscape in the PRC but also the positive global market landscape which is relevant to our expansion in Thailand. According to Frost & Sullivan, downstream end-users become increasingly familiar with the application and processing of modified materials, their usage has grown rapidly, even far outpacing the growth rate of the overall polymer materials market. The global market for organic polymer-modified and organic polymer composite materials expanded rapidly from RMB848.1 billion in 2020 to RMB1,503.8 billion in 2024, representing a CAGR of 15.4%. It is projected to continue growing steadily at a CAGR of 12.6% from 2025 to 2029, reaching RMB2,680.8 billion by 2029. In China, the organic polymer-modified materials and organic polymer composite materials market size increased from RMB303.8 billion in 2020 to RMB544.8 billion in 2024, achieving a CAGR of 15.7%. With the large-scale adoption of Organic polymer-modified and composite materials across industries, the China market is expected to maintain strong momentum, growing at a projected CAGR of 14.1% from 2025 to 2029, and reaching RMB1,037.5 billion by 2029.

Secondly, we believe that we have the capability to seize opportunities arisen from such favourable landscape. Revenue from the organic polyer modified materials and organic polymer composite materials segment increased at a CAGR of 16.5% and 26.2% during the Track Record Period, respectively, which outpaced the industry CAGR of 13.5% during the same period. For the chemical segments, despite the decreasing trend in our gross profit margin during the Track Record Period, from 10.9% in FY2022 to 9.9% in 10MFY2025, our capabilities has allowed us to achieve a solid growth in revenue and gross profit of the chemicals segment. Given that, as advised by Frost & Sullivan, economies of scale is a critical competitive parameter in the chemicals industries that plants with larger capacity and output generally have a stronger cost advantage, we believe that the revenue, which reflected our actual output in monetary value, and gross profit in absolute value are also important financial indicators of the Group's performance and competitiveness other than gross profit margin. Moreover, we believe that our financial performance will enhance further as we enjoy a higher degree of economies of scale upon the implementation of our production expansion plans.

In relation to utilization rate, while the utilisation rate of the chemicals segment was on a decreasing trend during the Track Record Period, such decrease was primarily due to the increase in our newly acquired production capacity in the relevant segments which outpaced the increase in actual production volume in the corresponding segment. As actual production volume represents a key indicator of competitiveness in the chemicals industry, we consider that the increase in the actual production volume has more bearing and justifies our production expansion plans, not to mention the new production capacity is gradually absorbed by the increase in our sales. For detailed analysis of our utilisation rate, please refer to "Business — Our Production".

Furthermore, the Production Expansion Plans are designed for future use and it is not reasonable to enlarge the Group's production capacity only when the Group's production capacity is fully utilised. When formulating the Production Expansion Plans, utilisation rate was not the only relevant factor that the Group had taken into account. The Production Expansion Plans will also serve a strategic purpose of aligning the Group with the trend of its downstream customers (e.g. home appliances manufacturers and automakers) to establish production bases in South East Asia.

Based on the foregoing, we consider that our production expansion plans are valid and justified.

Financial impact of the Production Expansion Plans

In a short run, it is expected that the establishment of the Thailand Production Base and Yixing Production Base will affect our cost structure and cash flow as we will incur additional capital expenditure and other expenses during its construction period. In a long run and upon commencement of operation, while we will incur additional depreciation expenses and other operation costs, it is expected that the new production bases will be able to make profit as they reach breakeven. It is estimated that we will incur an additional depreciation and amortisation expenses amounting to RMB[**REDACTED**] and RMB[**REDACTED**] for the Thailand Production Base and Yixing Production Base, respectively. Moreover, it is expected that we will generate greater degree of economies of scale as our overall production upscale, and we expect that our geographical advantage will be augmented as we are able to leverage the industry cluster effect by staying close to downstream manufacturers.

IMPLEMENTATION PLANS

Our implementation plans are set forth below for the period between FY2026 and FY2028.

Use	FY2026	FY2027	FY2028	Total	% of the [REDACTED]
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*	
Building the Thailand Production Base	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Building the Yixing Production Base	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investment in Hong Kong	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital for general use	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	100%

Our actual course of business may vary from our business strategies set out in this document. There is no assurance that our plans will materialize in accordance with our expected timeframe or that our objectives will be accomplished.

While the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavors to anticipate changes, yet allowing for flexibility to implement the following plans.

The above allocation of the [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro-rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] range stated in this document.

To the extent that the [**REDACTED**] from the [**REDACTED**] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will only be deposited in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[**REDACTED**]

[REDACTED]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF QINGDAO GON TECHNOLOGY CO., LTD. AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Introduction

We report on the historical financial information of Qingdao Gon Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [●] to [●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023, 2024 and 31 October 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2025 (the "Track Record Period") including material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "*Accountants' Report on Historical Financial Information in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance

with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2022, 2023, 2024 and 31 October 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the ten months ended 31 October 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review.

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

SHINEWING (HK) CPA Limited
Certified Public Accountants
[●]
Practising Certificate Number: [●]
Hong Kong
[●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Ten months ended 31 October	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*6*	13,406,440	17,438,779	19,187,511	15,863,106	17,443,865
Cost of sales		(11,826,476)	(15,838,017)	(17,595,339)	(14,580,724)	(15,632,844)
Gross profit		1,579,964	1,600,762	1,592,172	1,282,382	1,811,021
Other income, gains and losses, net	*8*	16,245	46,909	337,522	189,095	95,708
Selling and distribution expenses		(90,955)	(122,354)	(135,046)	(106,515)	(115,107)
Administrative expenses		(231,085)	(253,707)	(252,315)	(190,949)	(253,875)
Research and development expenses		(386,387)	(566,257)	(591,284)	(446,219)	(548,933)
Finance costs	*9*	(100,876)	(122,742)	(144,568)	(112,756)	(151,781)
Share of result of a joint venture		–	–	(5,414)	(2,755)	(14,604)
Share of results of associates		(1,688)	(4,678)	(3,992)	(2,997)	(2,544)
Profit before tax	*11*	785,218	577,933	797,075	609,286	819,885
Income tax expense	*10*	(60,858)	(38,323)	(76,489)	(65,182)	(98,902)
Profit for the year/period		724,360	539,610	720,586	544,104	720,983
Attributable to:						
– Owners of the Company		663,412	471,478	685,232	508,326	712,646
– Non-controlling interests		60,948	68,132	35,354	35,778	8,337
		724,360	539,610	720,586	544,104	720,983
Other Comprehensive loss						
Item that will be reclassified to profit or loss:						
Exchange differences arising on translation of foreign operations		–	(30)	(615)	(5,188)	(10,857)
Other comprehensive expense for the year/period		–	(30)	(615)	(5,188)	(10,857)
Total comprehensive income for the year/period		724,360	539,580	719,971	538,916	710,126
Attributable to:						
– Owners of the Company		663,412	471,448	684,617	503,138	701,789
– Non-controlling interests		60,948	68,132	35,354	35,778	8,337
		724,360	539,580	719,971	538,916	710,126
Earnings per share for profit attributable to owners of the Company (RMB per share)	*14*					
– Basic		2.45	1.74	2.56	2.05	2.69
– Diluted		2.45	1.73	2.56	2.05	2.69

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 31 October
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*15*	3,028,304	3,480,157	5,620,502	5,968,921
Right-of-use assets	*16*	442,614	490,776	705,878	694,176
Investment properties	*17*	22,315	21,454	2,577	2,284
Goodwill	*18*	340,133	340,133	333,630	331,975
Intangible assets	*19*	328,799	320,265	309,129	287,455
Interests in a joint venture	*20*	–	–	194,586	179,982
Interests in associates	*21*	22,695	21,589	17,908	15,812
Equity instruments designated at fair value through other comprehensive income ("FVTOCI")	*23*	5,621	5,621	35,196	35,196
Deferred tax assets	*24*	71,270	23,732	17,961	19,447
Prepayments	*28*	63,151	50,928	100,477	121,021
Total non-current assets		4,324,902	4,754,655	7,337,844	7,656,269
Current assets					
Inventories	*25*	2,432,520	3,085,150	3,377,655	3,790,374
Trade and bills receivables	*26*	2,168,869	3,065,314	3,454,614	3,525,973
Bills receivables at FVTOCI	*27*	207,275	221,913	356,224	481,612
Other receivables, deposits and prepayments	*28*	1,640,077	888,210	797,673	864,316
Financial assets at fair value through profit or loss ("FVTPL")	*29*	1,247	31,156	2,471	–
Pledged bank deposits	*30*	687,928	1,262,016	1,010,203	957,866
Bank balances and cash	*30*	1,298,034	1,744,791	2,014,764	2,160,454
Total current assets		8,435,950	10,298,550	11,013,604	11,780,595
Current liabilities					
Trade and other payables	*31*	3,374,070	4,348,296	4,755,502	4,828,937
Contract liabilities	*32*	120,571	99,472	81,650	67,038
Tax liabilities		26,264	9,313	39,711	14,485
Bank and other borrowings	*33*	1,725,921	1,895,339	2,217,366	2,852,517
Convertible bonds	*34*	–	327,018	340,635	351,829
Lease liabilities	*35*	14,669	10,806	20,711	20,913
Total current liabilities		5,261,495	6,690,244	7,455,575	8,135,719
Net current assets		3,174,455	3,608,306	3,558,029	3,644,876
Total assets less current liabilities		7,499,357	8,362,961	10,895,873	11,301,145

	Notes	As at 31 December			As at 31 October
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Bank and other borrowings	*33*	1,396,900	1,821,157	3,627,482	3,468,875
Deferred tax liabilities	*24*	124,830	87,316	149,236	160,886
Lease liabilities	*35*	21,974	14,800	24,939	15,018
Deferred income	*36*	54,803	59,721	61,887	67,724
Total non-current liabilities		1,598,507	1,982,994	3,863,544	3,712,503
Net assets		5,900,850	6,379,967	7,032,329	7,588,642
Equity					
Capital and reserves					
Share capital	*37*	271,250	271,250	271,250	271,250
Treasury share	*38*	–	–	(130,291)	(130,291)
Reserves	*39*	3,799,718	4,200,791	4,823,164	5,446,652
Equity attributable to owners of the Company		4,070,968	4,472,041	4,964,123	5,587,611
Non-controlling interests		1,829,882	1,907,926	2,068,206	2,001,031
Total equity		5,900,850	6,379,967	7,032,329	7,588,642

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Statutory reserve**	**Safety fund surplus reserve**	**Capital reserve**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000 (Note 39(a)*	*RMB'000 (Note 39(b)*	*RMB'000 (Note 39(c)*	*RMB'000 (Note 39(e)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	271,250	926,188	135,625	–	(160,310)	2,303,364	3,476,117	1,710,733	5,186,850
Profit for the year	–	–	–	–	–	663,412	663,412	60,948	724,360
Total comprehensive income for the year	–	–	–	–	–	663,412	663,412	60,948	724,360
Acquisitions of additional interests from non-controlling shareholders of subsidiaries	–	–	–	–	(2,858)	–	(2,858)	2,858	–
Contribution from a non-controlling shareholder	–	–	–	–	2,724	–	2,724	57,536	60,260
Appropriation to safety fund surplus reserve	–	–	–	3,066	–	(4,999)	(1,933)	1,933	–
Utilisation of safety fund surplus reserve	–	–	–	(2,078)	–	3,397	1,319	(1,319)	–
Dividend recognised as distribution	–	–	–	–	–	(67,813)	(67,813)	–	(67,813)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	(2,807)	(2,807)
At 31 December 2022	271,250	926,188	135,625	988	(160,444)	2,897,361	4,070,968	1,829,882	5,900,850

	Attributable to owners of the Company									
	Share capital	Share premium	Statutory reserve	Safety fund surplus reserve	Translation reserve	Capital reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000 (Note 39(a))*	*RMB'000 (Note 39(b))*	*RMB'000 (Note 39(c))*	*RMB'000 (Note 39(d))*	*RMB'000 (Note 39(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	271,250	926,188	135,625	988	–	(160,444)	2,897,361	4,070,968	1,829,882	5,900,850
Profit for the year	–	–	–	–	–	–	471,478	471,478	68,132	539,610
Exchange differences arising on translation of foreign operations	–	–	–	–	(30)	–	–	(30)	–	(30)
Other comprehensive expense for the year	–	–	–	–	(30)	–	–	(30)	–	(30)
Total comprehensive (expense) income for the year	–	–	–	–	(30)	–	471,478	471,448	68,132	539,580
Issue of convertible bonds by a subsidiary of the Group	–	–	–	–	–	–	–	–	19,215	19,215
Contribution from a non-controlling shareholder	–	–	–	–	–	–	–	–	300	300
Appropriation to safety fund surplus reserve	–	–	–	10,022	–	–	(15,113)	(5,091)	5,091	–
Utilisation of safety fund surplus reserve	–	–	–	(4,160)	–	–	6,689	2,529	(2,529)	–
Dividend recognised as distribution	–	–	–	–	–	–	(67,813)	(67,813)	–	(67,813)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(12,165)	(12,165)
At 31 December 2023	271,250	926,188	135,625	6,850	(30)	(160,444)	3,292,602	4,472,041	1,907,926	6,379,967

	Attributable to owners of the Company										
	Share capital	**Treasury share**	**Share premium**	**Statutory reserve**	**Safety fund surplus reserve**	**Translation reserve**	**Capital reserve**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000 (Note 38)*	*RMB'000 (Note 39(a)*	*RMB'000 (Note 39(b)*	*RMB'000 (Note 39(c)*	*RMB'000 (Note 39(d))*	*RMB'000 (Note 39(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	271,250	–	926,188	135,625	6,850	(30)	(160,444)	3,292,602	4,472,041	1,907,926	6,379,967
Profit for the year	–	–	–	–	–	–	–	685,232	685,232	35,354	720,586
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(615)	–	–	(615)	–	(615)
Other comprehensive expense for the year	–	–	–	–	–	(615)	–	–	(615)	–	(615)
Total comprehensive (expense) income for the year	–	–	–	–	–	(615)	–	685,232	684,617	35,354	719,971
Acquisitions of additional interests from non-controlling shareholders of subsidiaries *(note 43)*	–	–	–	–	–	–	(11,094)	–	(11,094)	(55,406)	(66,500)
Acquisition of subsidiaries *(note 42)*	–	–	–	–	–	–	–	–	–	186,722	186,722
Shares repurchased	–	(130,291)	–	–	–	–	–	–	(130,291)	–	(130,291)
Contribution from a non-controlling shareholder	–	–	–	–	–	–	–	–	–	1,100	1,100
Appropriation to safety fund surplus reserve	–	–	–	–	13,237	–	–	(17,741)	(4,504)	4,504	–
Utilisation of safety fund surplus reserve	–	–	–	–	(4,172)	–	–	5,872	1,700	(1,700)	–
Dividend recognised as distribution	–	–	–	–	–	–	–	(48,346)	(48,346)	–	(48,346)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(10,294)	(10,294)
At 31 December 2024	271,250	(130,291)	926,188	135,625	15,915	(645)	(171,538)	3,917,619	4,964,123	2,068,206	7,032,329

	Attributable to owners of the Company										
	Share capital	**Treasury share**	**Share premium**	**Statutory reserve**	**Safety fund surplus reserve**	**Translation reserve**	**Capital reserve**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000 (Note 38)*	*RMB'000 (Note 39(a)*	*RMB'000 (Note 39(b)*	*RMB'000 (Note 39(c)*	*RMB'000 (Note 39(d))*	*RMB'000 (Note 39(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	271,250	–	926,188	135,625	6,850	(30)	(160,444)	3,292,602	4,472,041	1,907,926	6,379,967
Profit for the year	–	–	–	–	–	–	–	508,326	508,326	35,778	544,104
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(5,188)	–	–	(5,188)	–	(5,188)
Other comprehensive expense for the year	–	–	–	–	–	(5,188)	–	–	(5,188)	–	(5,188)
Total comprehensive (expense) income for the year	–	–	–	–	–	(5,188)	–	508,326	503,138	35,778	538,916
Acquisitions of additional interests from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	(11,095)	–	(11,095)	(52,635)	(63,730)
Shares repurchased	–	(130,291)	–	–	–	–	–	–	(130,291)	–	(130,291)
Contribution from a non-controlling shareholder	–	–	–	–	–	–	–	–	–	1,100	1,100
Appropriation to safety fund surplus reserve	–	–	–	–	11,124	–	–	(15,112)	(3,988)	3,988	–
Utilisation of safety fund surplus reserve	–	–	–	–	(3,557)	–	–	5,049	1,492	(1,492)	–
Dividend recognised as distribution	–	–	–	–	–	–	–	(48,346)	(48,346)	–	(48,346)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(10,294)	(10,294)
At 31 October 2024 (unaudited)	271,250	(130,291)	926,188	135,625	14,417	(5,218)	(171,539)	3,742,519	4,782,951	1,884,371	6,667,322

	Attributable to owners of the Company										
	Share capital	*Treasury share*	*Share premium*	*Statutory reserve*	*Safety fund surplus reserve*	*Translation reserve*	*Capital reserve*	*Retained profits*	*Sub-total*	*Non-controlling interests*	*Total*
	RMB'000	*RMB'000* (*Note 38*)	*RMB'000* (*Note 39(a)*)	*RMB'000* (*Note 39(b)*)	*RMB'000* (*Note 39(c)*)	*RMB'000* (*Note 39(d)*)	*RMB'000* (*Note 39(e)*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	271,250	(130,291)	926,188	135,625	15,915	(645)	(171,538)	3,917,619	4,964,123	2,068,206	7,032,329
Profit for the period	–	–	–	–	–	–	–	712,646	712,646	8,337	720,983
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(10,857)	–	–	(10,857)	–	(10,857)
Other comprehensive expense for the period	–	–	–	–	–	(10,857)	–	–	(10,857)	–	(10,857)
Total comprehensive (expense) income for the period	–	–	–	–	–	(10,857)	–	712,646	701,789	8,337	710,126
Acquisitions of additional interests from non-controlling shareholders of subsidiaries *(note 43)*	–	–	–	–	–	–	(1,460)	–	(1,460)	(10,640)	(12,100)
Shares repurchased by a subsidiary	–	–	–	–	–	–	–	–	–	(56,116)	(56,116)
Acquisition of subsidiaries *(note 42)*	–	–	–	–	–	–	–	–	–	30	30
Exercise of conversion options by holders	–	–	–	–	–	–	–	–	–	6	6
Appropriation to safety fund surplus reserve	–	–	–	–	13,971	–	–	(17,449)	(3,478)	3,478	–
Utilisation of safety fund surplus reserve	–	–	–	–	(5,464)	–	–	6,301	837	(837)	–
Dividend recognised as distribution	–	–	–	–	–	–	–	(74,200)	(74,200)	–	(74,200)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(11,433)	(11,433)
At 31 October 2025	271,250	(130,291)	926,188	135,625	24,422	(11,502)	(172,998)	4,544,917	5,587,611	2,001,031	7,588,642

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
OPERATING ACTIVITIES					
Profit before tax	785,218	577,933	797,075	609,286	819,885
Adjustments for:					
Depreciation of property, plant and equipment	191,513	228,327	244,858	208,631	249,151
Depreciation of right-of-use assets	25,303	29,656	32,281	25,748	35,478
Depreciation of investment properties	861	861	392	291	293
Amortisation of intangible assets	8,525	9,021	9,438	7,356	8,035
Finance costs	100,876	122,742	144,568	112,756	151,781
Loss/(gain) on disposal of property, plant and equipment	1,595	4,449	(1,014)	527	(3,005)
Share of results of a joint venture and associates	1,688	4,678	9,406	5,752	17,148
Gain on disposal of associates	(103)	–	–	–	–
Loss on disposal of a subsidiary	–	–	–	–	377
Gain on disposal of investment property	–	–	(8,271)	(8,271)	–
Gain on early termination of lease agreement	(7)	(5)	(226)	(146)	(63)
Gain on bargain purchase arising on acquisition of subsidiaries	–	–	(168,230)	(36,951)	(77)
Loss/(gain) on changes in fair value of financial assets at FVTPL	753	91	(1,315)	(356)	(1,347)
Loss on disposal of financial assets at FVTPL	1,598	–	–	–	–
Exchange gain/(loss), net	(823)	(698)	(1,133)	(695)	1,039
Impairment losses/(reversal of impairment losses) recognised for trade and bills receivables, net	33,380	43,114	1,363	453	(7,720)
Impairment losses/(reversal of impairment losses) recognised for other receivables, net	4,474	1,845	(4,432)	644	(2,007)
Impairment losses recognised on goodwill	–	–	6,503	–	1,655
Impairment losses recognised on intangible assets	–	–	11,120	–	19,840
Write-down of inventories	182,471	144,391	85,954	45,026	45,319
Interest income	(14,095)	(26,001)	(33,170)	(29,658)	(21,546)
Operating cash flows before movements in working capital	1,323,227	1,140,404	1,125,167	940,393	1,314,236

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Increase in inventories	(631,057)	(796,993)	(352,760)	(300,435)	(463,522)
(Increase)/decrease in restricted bank deposits	(397,985)	(574,088)	251,813	213,333	52,337
Increase in trade and bills receivables	(214,526)	(968,123)	(338,254)	(581,240)	(70,376)
Increase in bills receivables at FVTOCI	(78,831)	(14,638)	(134,311)	(136,380)	(125,388)
(Increase)/decrease in other receivables, deposits and prepayments	(649,179)	750,022	157,013	(28,322)	(43,197)
Increase/(decrease) in trade payables	1,098,572	982,656	(38,221)	462,878	66,567
(Decrease)/increase in other payables	(112,338)	7,420	(138,054)	(85,180)	(9,930)
Increase/(decrease) in contract liabilities	31,736	(21,099)	(17,894)	(8,642)	(14,675)
Increase/(decrease) in deferred income	10,567	4,918	2,166	(6,215)	5,837
Cash generated from operations	380,186	510,479	516,665	470,190	711,889
Interest received	14,095	26,001	33,170	29,658	21,546
Income taxes paid	(104,265)	(50,889)	(42,442)	(40,263)	(115,041)
NET CASH FROM OPERATING ACTIVITIES	290,016	485,591	507,393	459,585	618,394
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment	3,561	6,180	39,392	34,060	26,058
Proceeds from disposal of investment property	–	–	26,756	26,014	–
Purchases of property, plant and equipment	(735,532)	(647,381)	(331,068)	(269,916)	(602,953)
Prepayments for right-of-use assets	(50,242)	(69,333)	(6,766)	(6,649)	–
Purchase of intangible assets	(12,863)	(487)	(9,228)	(2,534)	(5,543)
Acquisition of subsidiaries	–	–	(358,383)	(111,304)	–
Disposal of a subsidiary	–	–	–	–	(3,602)
Acquisition of investment in a joint venture	–	–	(200,000)	(200,000)	–
Proceeds from disposals of associates	4,775	–	–	–	–
Acquisition of investments in associates	–	(3,600)	–	–	–
Purchases of financial assets at FVTPL	–	(30,000)	–	–	–
Proceeds from disposals of financial assets at FVTPL	–	–	30,000	30,000	3,818
NET CASH USED IN INVESTING ACTIVITIES	(790,301)	(744,621)	(809,297)	(500,329)	(582,222)

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
FINANCING ACTIVITIES					
Dividend paid	(67,813)	(67,813)	(48,346)	(48,346)	(74,200)
Payment on repurchase of shares by the Company	–	–	(130,291)	(130,291)	–
Payment on repurchase of shares by a subsidiary	–	–	–	–	(56,116)
Proceeds on issue of convertible bonds	–	345,584	–	–	–
Exercise of conversion options by holders of convertible bonds	–	–	–	–	6
Capital contribution by the non-controlling shareholders	60,260	300	1,100	1,100	–
Acquisitions of additional interests from non-controlling shareholders of subsidiaries	–	–	(66,500)	(63,730)	(12,100)
Proceeds from bank and other borrowings	2,401,650	3,433,382	4,518,817	3,824,355	3,541,455
Repayment of bank and other borrowings	(1,322,508)	(2,839,707)	(3,525,412)	(3,084,559)	(3,083,558)
Dividends paid to non-controlling shareholders of the Company	(2,807)	(12,165)	(10,294)	(10,294)	(11,433)
Deferred issue costs paid	–	–	–	–	(10,717)
Interest paid	(110,707)	(138,034)	(151,642)	(123,475)	(151,010)
Principal portion of lease payments paid	(19,178)	(16,428)	(16,979)	(13,894)	(22,914)
NET CASH FROM FINANCING ACTIVITIES	938,897	705,119	570,453	350,866	119,413
NET INCREASE IN CASH AND CASH EQUIVALENTS	438,612	446,089	268,549	310,122	155,585
CASH AND CASH EQUIVALENTS ATTHE BEGINNING OF THE YEAR/PERIOD	858,599	1,298,034	1,744,791	1,744,791	2,014,764
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	823	668	1,424	(4,157)	(9,895)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	1,298,034	1,744,791	2,014,764	2,050,756	2,160,454

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 31 October
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*15*	470,363	620,160	678,705	809,036
Right-of-use assets	*16*	37,531	21,711	18,082	24,041
Investment properties	*17*	180,299	213,732	195,180	188,005
Intangible assets		1,731	1,510	3,973	5,239
Interests in a joint venture	*20*	–	–	194,586	179,982
Investments in subsidiaries	*22*	2,242,143	2,384,376	2,571,981	2,921,102
Deferred tax assets		5,158	–	–	–
Prepayments	*28*	8,066	39,567	31,801	34,853
Total non-current assets		2,945,291	3,281,056	3,694,308	4,162,258
Current assets					
Inventories	*25*	1,767,683	1,979,949	2,050,441	2,351,964
Trade and bills receivables	*26*	2,576,292	3,082,930	3,145,806	2,820,378
Bills receivables at FVTOCI	*27*	133,131	165,916	262,916	316,770
Other receivables, deposits and prepayments	*28*	254,307	193,317	543,733	766,002
Financial assets at FVTPL	*29*	1,247	114,853	112,222	118,667
Pledged bank deposits	*30*	543,754	674,116	678,949	662,455
Bank balances and cash	*30*	819,625	754,023	1,078,992	1,066,646
Total current assets		6,096,039	6,965,104	7,873,059	8,102,882
Current liabilities					
Trade and other payables	*31*	2,526,651	2,888,223	3,235,759	3,291,260
Contract liabilities	*32*	7,379	74,825	151,011	194,043
Tax liabilities		8,429	1,927	29,556	7,059
Bank and other borrowings	*33*	1,573,500	1,570,462	1,543,804	1,883,928
Lease liabilities		12,965	4,456	3,117	2,341
Total current liabilities		4,128,924	4,539,893	4,963,247	5,378,631
Net current assets		1,967,115	2,425,211	2,909,812	2,724,251
Total assets less current liabilities		4,912,406	5,706,267	6,604,120	6,886,509
Non-current liabilities					
Bank and other borrowings	*33*	784,900	1,222,400	1,780,625	1,518,466
Deferred tax liabilities		–	4,118	2,404	5,997
Lease liabilities		7,687	3,478	194	7,203
Deferred income	*36*	30,083	26,476	22,487	19,162
Total non-current liabilities		822,670	1,256,472	1,805,710	1,550,828
Net assets		4,089,736	4,449,795	4,798,410	5,335,681
Equity					
Share capital	*37*	271,250	271,250	271,250	271,250
Treasury share	*38*	–	–	(130,291)	(130,291)
Reserves	*39*	3,818,486	4,178,545	4,657,451	5,194,722
Total equity		4,089,736	4,449,795	4,798,410	5,335,681

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Qingdao Gon Technology Co., Ltd. (the "Company") was incorporated in Qingdao City of Shandong Province of the People's Republic of China (the "PRC") as a joint stock company with limited liability on 22 December 2000. The Company's A shares have been listed on Shenzhen Stock Exchange since 30 June 2015. The addresses of the registered office of the Company and principal places of business of the Company are South Plant, Gon Co., Ltd., No.2 Qingda Industrial Park Jihongtan Subdistrict, Chengyang District of Qingdao City. In the opinion of the directors, during the Track Record Period and the ten months ended 31 October 2024 and up to the date of this report, the Company is ultimately controlled by Mr. Wang Aiguo, Mrs. Xu Bo and Qingdao Century Xinghao Investment Co., Ltd. ("Xinghao Investment") which is controlled by Mrs. Xu Bo (the "Controlling Shareholders").

The Company and its subsidiaries are principally engaged in research, development, production, and sales of plastic raw materials and products, modified plastics, plastic alloy materials, functional plastic sheets, molds, composite materials and products, gelatin, collagen and its derivatives, biopharmaceuticals and health products.

The Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Nominal value of registered and paid-in capital	Proportion of ownership interest attributable to the Company				Principal activities
			As at 31 December			As at 31 October	
			2022	2023	2024	2025	
Qingdao GuoQi Photoelectric Technology Co., Ltd. ("Qingdao Guoqi") (青島國騏光電科技有限公司) *(Note a)*	PRC 25 April 2018	RMB40,000,000	100.00%	100.00%	100.00%	100.00%	Research, development, production, and sales of plastic raw materials and products
Guangdong Gon Plastic Industry Development Co., Ltd. ("Guangdong Gon") (廣東國恩塑業發展有限公司) *(Note a)*	PRC 16 January 2018	RMB30,000,000	55.00%	55.00%	100.00%	100.00%	Research, development, production, and sales of plastic raw materials and products
Qingdao Yiqing Biotechnology Co., Ltd. ("Yiqing Bio-Tech") (青島益青生物科技股份有限公司) *(Note a) (Note c)*	PRC 24 January 1998	RMB24,100,000	46.07%	46.07%	21.18%	21.18%	Production of gelatin, collagen and its derivatives, biopharmaceuticals and health products
Qingdao Gon Composites Co., Ltd. ("Gon Composites") (青島國恩複合材料有限公司) *(Note a)*	PRC 20 January 2017	RMB200,000,000	100.00%	100.00%	100.00%	100.00%	Research, development, production, and sales of plastic raw materials and products
Gon Plastic Industry (Zhejiang) Co., Ltd. (國恩塑業(浙江)有限公司) *(Note a)*	PRC 25 May 2021	RMB20,000,000	100.00%	100.00%	100.00%	100.00%	Research, development, production, and sales of plastic raw materials and products
Gon Plastic Industry (Qingdao) Co., Ltd. (國恩塑業(青島)有限公司) *(Note a)*	PRC 30 September 2021	RMB50,000,000	100.00%	100.00%	100.00%	100.00%	Research, development, production, and sales of plastic raw materials and products

Name	Place and date of incorporation/ establishment	Nominal value of registered and paid-in capital	Proportion of ownership interest attributable to the Company				Principal activities
			As at 31 December			As at 31 October	
			2022	2023	2024	2025	
Gon Yisu (Zhejiang) New Materials Technology Co., Ltd. (國恩一塑(浙江)新材料科技有限公司) *(Note a)* .	PRC 10 July 2020	RMB600,000,000 and RMB422,000,000	70.00%	70.00%	70.00%	70.00%	Research, development, production, and sales of plastic raw materials and products
Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司) ("Dongbao Bio-Tech") *(Note a) (Note c)*	PRC 12 March 1997	RMB593,602,983	21.18%	21.18%	21.18%	21.18%	Production of gelatin, collagen and its derivatives, biopharmaceuticals and health products
Hong Kong Petrochemical Company Limited (香港石油化學有限公司) *(Note b)*	Hong Kong 26 August 1988	Hong Kong Dollars (HKD) 121,682,747	Nil	Nil	99.998%	99.999%	Research, development, production, and sales of polystyrene
Gon Chemical (Dongming) Co., Ltd. (國恩化學(東明)有限公司) ("Gon Chemical (Dongming)") *(Note a)*	PRC 15 September 2010	RMB666,660,000	Nil	Nil	67.00%	67.00%	Research, development, production, and sales of plastic raw materials and products
Dongming Gon Ruihua New Materials Co., Ltd. (東明國恩瑞華新材料有限公司) *(Note a)*	PRC 15 November 2016	RMB100,000,000	Nil	Nil	67.00%	67.00%	Research, development, production, and sales of plastic raw materials and products

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

All companies comprising the Group have adopted 31 December as their financial year end date.

Notes:

(a) The statutory financial statements of these companies during the years ended 31 December 2022, 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles were audited by ShineWing Certified Public Accountants (Special General Partnership) registered in the PRC.

(b) The statutory financial statements of the company for the year ended 31 December 2024 prepared under Hong Kong Financial Reporting Standards were audited by Zhonghui Anda CPA Limited registered in the Hong Kong.

(c) As the Group is the single largest shareholder of Dongbao Bio-Tech and holds significantly more voting rights than any other vote holder or organised group of vote holders, and the other shareholdings are widely dispersed, the Group has exposure or rights to variable returns from its involvement with Dongbao Bio-Tech and its subsidiary Yiqing Bio-Tech, and has the ability to affect those returns through its majority of voting power and the existing rights of the company to direct the relevant activities, including but not limited to the budget, pricing and promotion strategies of the company. So the Group has control over Dongbao Bio-Tech and Yiqing Bio-Tech, and Dongbao Bio-Tech and Yiqing Bio-Tech are thus accounted for as subsidiaries of the Group.

2. BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards are effective for the accounting period beginning on 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period and the ten months ended 31 October 2024.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised in note 4. These policies have been consistently applied to all the reporting periods presented in the Historical Financial Information, unless otherwise stated.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS Accounting Standards	*Annual Improvements to IFRS Accounting Standards – Volume 11*[1]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual periods beginning on or after 1 January 2027

3 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. The new standard is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements. Other than IFRS 18, so far, the Group considers that IFRS 19 and other amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared on the historical cost basis except for bills receivables at FVTOCI, equity instruments designated at FVTOCI and financial assets at FVTPL that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Basis of combination

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in capital reserve and attributed to owners of the Company.

Business combinations or asset acquisitions

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;

- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in this Historical Financial Information using the equity method. Under the equity method, investments in associates and joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

The requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group' performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

The Group recognised revenue from the following major sources:

- Sales of green petrochemical materials

- Sales of organic polymer composite materials

- Sales of organic polymer modified materials

- Sales of gelatin, collagen and their derivatives

- Sales of empty capsules and other health products

Sales of goods

Revenue from the sale of industrial products and health products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products and health products. The Group recognises revenue from the sale of industrial products and health products on a gross basis as it is the principal that controls the goods before transferring them to the customers and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing remains outstanding after the related asset is ready for its intended use or sale is included in the general pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Retirement benefits costs and termination benefits

Payments to defined contribution plans, state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which include both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives or the principal annual rates of items of property, plant and equipment are as follows:

	Useful lives
Plant and buildings	20 to 40 years
Machinery and equipment	5 to 20 years
Furniture and fixtures	3 to 14 years
Motor vehicles	4 to 10 years

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any 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, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

The investment properties are depreciated on a straight-line basis over the shorter of the term of the lease and 30 years.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Internally-generated intangible assets — research and development expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in business combination with finite useful life are carried at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price less the estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment loss in the statement of financial position of the Company.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets at FVTOCI (debt instruments)

The Group's debt instruments are classified and measured subsequently at FVTOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's debt instruments classified as at FVTOCI includes bills receivables at FVTOCI. Fair value is determined in the manner described in note 41(c). Debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debts instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses, net" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses, net" line item.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 Financial Instruments

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and bills receivables. The expected credit losses on these financial assets and other items are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken in to account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which IFRS 3 Business Combinations applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the 'other income, gains and losses, net' line item in profit or loss.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the conversion option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to other reserve. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

When determining the classification of convertible bonds (including the host liability and the conversion option component) as current or non-current, the Group considers both the redemption through cash settlement and the transfer of the Group's own equity instruments as a result of exercise of conversion options by holders as settlement of the convertible bonds.

Fair value measurement

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories and value in use of property, plant and equipment, right-of-use assets, intangible assets and goodwill for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the Historical Financial Information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Controls in subsidiaries

Dongbao Bio-Tech is a subsidiary of the Group even though the Group has only a 21.18% ownership interest and has only 21.18% of the voting rights in Dongbao Bio-Tech and the remaining 78.82% of the ownership interests are held by numerous shareholders that are unrelated to the Group at the end of each reporting period during the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2025. Dongbao Bio-Tech is a public limited company incorporated in Neimenggu Province of PRC and its shares are listed on the Shenzhen Stock Exchange.

The directors of the Company assessed the Group's control over Dongbao Bio-Tech on the basis of its practical ability to direct the relevant activities unilaterally. In making their judgement, the directors of the Company consider that the Group is the single largest shareholder of Dongbao Bio-Tech and holds significantly more voting rights than any other vote holder or organised group of vote holders, and the other shareholdings are widely dispersed, so the Group has control over Dongbao Bio-Tech.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

As at 31 December 2022, 2023, 2024 and 31 October 2025, a deferred tax asset of RMB40,152,000, RMB45,624,000, RMB41,442,000 and RMB26,903,000 in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB94,918,000, RMB271,030,000, RMB507,736,000 and RMB581,616,000 due to the unpredictability of future profit streams for certain subsidiaries. The reliability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Impairment of trade and bills receivables

The impairment provisions for trade and bills receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment loss to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2022, 2023, 2024 and 31 October 2025, the carrying amounts of trade and bills receivables were approximately RMB2,168,869,000, RMB3,065,314,000, RMB3,454,614,000 and RMB3,525,973,000, respectively, net of allowance for impairment loss of approximately RMB72,829,000, RMB115,943,000, RMB118,324,000 and RMB107,728,000, respectively.

Write-down of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each financial year end.

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

6. REVENUE

An analysis of the Group's revenue for the year/period is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Types of goods or services					
Sales of goods					
Green petrochemical materials	1,195,790	3,059,177	3,869,138	3,126,005	3,906,284
Organic polymer composite materials	1,995,218	2,757,256	3,175,422	2,814,821	3,173,907
Organic polymer modified materials	7,597,487	9,744,718	10,324,910	8,355,511	8,832,676
Gelatin, collagen and their derivatives	652,892	662,452	483,574	403,104	271,570
Empty capsules	284,999	307,963	366,635	291,170	329,701
	11,726,386	16,531,566	18,219,679	14,990,611	16,514,138
Others – trading of other chemical products and health products	1,678,831	905,975	967,451	872,162	929,410
Revenue from contracts with customers	13,405,217	17,437,541	19,187,130	15,862,773	17,443,548
Property investment – rental income	1,223	1,238	381	333	317
Total	13,406,440	17,438,779	19,187,511	15,863,106	17,443,865
Timing of revenue recognition					
At a point of time	13,405,217	17,437,541	19,187,130	15,862,773	17,443,548
Property investment – rental income	1,223	1,238	381	333	317
Total	13,406,440	17,438,779	19,187,511	15,863,106	17,443,865

Performance obligations for contracts with customers

Information about the Group's performance obligations is summarised below:

Sale of goods

For domestic industrial products and health products sales, the performance obligation is satisfied upon obtaining the delivery receipt after the customer's acceptance. For export industrial products and health products sales, the Group fulfills its performance obligation upon obtaining the bill of lading after arranging for a third-party logistics provider to ship the goods to the port, load them onto the vessel, and complete customs clearance for export.

Transaction price allocated to the remaining performance obligation for contracts with customers

The sales contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the goods sold. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

7. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on the type of operation. The Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

Chemicals industry	–	production and sale of chemicals product
Health industry	–	production, and sales of gelatin, collagen, and their extensions
Property investment	–	lease of investment properties

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of unadjusted profit/loss before tax.

No operating segments have been aggregated in arriving at the reportable segments of the Group. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Year ended 31 December 2022			
	Chemicals industry	Health industry	Property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers	12,463,043	942,174	1,223	13,406,440
Segment results	655,998	128,859	361	785,218
Profit before tax				785,218

	Year ended 31 December 2023			
	Chemicals industry	Health industry	Property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers	16,464,267	973,274	1,238	17,438,779
Segment results	436,422	141,135	376	577,933
Profit before tax				577,933

	Year ended 31 December 2024			
	Chemicals industry	Health industry	Property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers	18,334,935	852,195	381	19,187,511
Segment results	696,667	100,419	(11)	797,075
Profit before tax				797,075

	Ten months ended 31 October 2024 (unaudited)			
	Chemicals industry	Health industry	Property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers	15,161,710	701,063	333	15,863,106
Segment results	530,409	78,822	55	609,286
Profit before tax				609,286

	Ten months ended 31 October 2025			
	Chemicals industry	Health industry	Property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers	16,841,342	602,206	317	17,443,865
Segment results	794,274	25,571	40	819,885
Profit before tax				819,885

Information is reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and performance assessment. The accounting policies of the reportable and operating segments are the same as the Group's accounting policies.

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chemicals industry	10,038,625	11,791,734	14,787,219	15,934,374
Health industry	2,699,912	3,240,017	3,561,652	3,500,206
Property investment	22,315	21,454	2,577	2,284
Consolidated assets	12,760,852	15,053,205	18,351,448	19,436,864

Segment liabilities

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chemicals industry	6,287,173	7,857,589	10,465,828	11,004,384
Health industry	572,829	815,649	853,291	843,838
Consolidated liabilities	6,860,002	8,673,238	11,319,119	11,848,222

For the purposes of monitoring segment performances and allocating resources among segments, all assets and liabilities are allocated to reportable and operating segments.

Other segment information

	Year ended 31 December 2022		
	Chemicals industry	Health industry	Total
	RMB'000	*RMB'000*	*RMB'000*
Amounts included in the measure of segment results or segment assets:			
Additions of property, plant and equipment	714,094	133,198	847,292
Additions of right-of-use assets	70,090	–	70,090
Additions of intangible assets	5,850	7,013	12,863
Depreciation of property, plant and equipment	114,369	77,144	191,513
Depreciation of right-of-use assets	22,462	2,841	25,303
Amortisation of intangible assets	4,190	4,335	8,525
Amortisation of investment properties	–	861	861
Loss/(gain) on disposal of property, plant and equipment	1,732	(137)	1,595
Impairment losses on trade and bills receivables, net	32,951	429	33,380
Impairment losses on other receivables, net	4,474	–	4,474
Write-down of inventories	181,414	1,057	182,471
Interests in associates	–	22,695	22,695
Share of results of associates	–	(1,688)	(1,688)

	Year ended 31 December 2023		
	Chemicals industry	Health industry	Total
	RMB'000	*RMB'000*	*RMB'000*
Amounts included in the measure of segment results or segment assets:			
Additions of property, plant and equipment	475,288	215,521	690,809
Additions of right-of-use assets	77,931	–	77,931
Additions of intangible assets	354	133	487
Depreciation of property, plant and equipment	154,800	73,527	228,327
Depreciation of right-of-use assets	26,815	2,841	29,656
Amortisation of intangible assets	4,436	4,585	9,021
Amortisation of investment properties	–	861	861
Loss/(gain) on disposal of property, plant and equipment	4,526	(77)	4,449
Impairment losses on trade and bills receivables, net	41,499	1,615	43,114
Impairment losses (reversal of impairment losses) on other receivables, net	1,907	(62)	1,845
Write-down of inventories	142,942	1,449	144,391
Interests in associates	–	21,589	21,589
Share of results of associates	–	(4,678)	(4,678)

	Year ended 31 December 2024		
	Chemicals industry	Health industry	Total
	RMB'000	*RMB'000*	*RMB'000*
Amounts included in the measure of segment results or segment assets:			
Additions of property, plant and equipment	2,302,968	123,372	2,426,340
Additions of right-of-use assets	250,339	1,820	252,159
Additions of intangible assets	2,136	7,286	9,422
Depreciation of property, plant and equipment	163,147	81,711	244,858
Depreciation of right-of-use assets	27,620	4,661	32,281
Amortisation of intangible assets	2,541	6,897	9,438
Amortisation of investment properties	–	392	392
(Gain)/loss on disposal of property, plant and equipment	(1,298)	284	(1,014)
Gain on disposal of investment property	–	(8,271)	(8,271)
Impairment losses/(reversal of impairment losses) on trade and bills receivables, net	1,880	(517)	1,363
Reversal of impairment losses on other receivables, net	(4,423)	(9)	(4,432)
Impairment losses on goodwill	–	6,503	6,503
Impairment losses on intangible assets	–	11,120	11,120
Write-down of inventories	82,637	3,317	85,954
Interest in a joint venture	194,586	–	194,586
Interests in associates	–	17,908	17,908
Share of result of a joint venture	(5,414)	–	(5,414)
Share of results of associates	–	(3,992)	(3,992)

	Ten months ended 31 October 2024 (unaudited)		
	Chemicals industry	Health industry	Total
	RMB'000	*RMB'000*	*RMB'000*
Amounts included in the measure of segment results or segment assets:			
Additions of property, plant and equipment	224,499	91,580	316,079
Additions of right-of-use assets	37,339	–	37,339
Additions of intangible assets	162	1,522	1,684
Depreciation of property, plant and equipment	124,189	65,101	189,290
Depreciation of right-of-use assets	22,861	2,887	25,748
Amortisation of intangible assets	1,190	6,166	7,356
Amortisation of investment properties	–	291	291
Loss on disposal of property, plant and equipment	520	7	527
Gain on disposal of investment property	–	(8,271)	(8,271)
Impairment losses/(reversal of impairment losses on trade and bills receivables, net	979	(526)	453
Impairment losses/(reversal of impairment losses) on other receivables, net	663	(19)	644
Write-down of inventories	43,478	1,548	45,026
Interest in a joint venture	197,245	–	197,245
Interests in associates	–	18,590	18,590
Share of result of a joint venture	(2,755)	–	(2,755)
Share of results of associates	(170)	(2,827)	(2,997)

	Ten months ended 31 October 2025		
	Chemicals industry	Health industry	Total
	RMB'000	*RMB'000*	*RMB'000*
Amounts included in the measure of segment results or segment assets:			
Additions of property, plant and equipment	576,616	5,046	581,662
Additions of right-of-use assets	22,254	–	22,254
Additions of intangible assets	1,990	187	2,177
Depreciation of property, plant and equipment	174,741	74,410	249,151
Depreciation of right-of-use assets	35,478	–	35,478
Amortisation of intangible assets	1,485	6,550	8,035
Amortisation of investment properties	–	293	293
(Gain)/loss on disposal of property, plant and equipment	(3,099)	94	(3,005)
Reversal of impairment losses on trade and bills receivables, net	(7,672)	(48)	(7,720)
(Reversal of impairment losses)/impairment losses on other receivables, net	(2,105)	98	(2,007)
Impairment losses on goodwill	–	1,655	1,655
Impairment losses on intangible assets	–	19,840	19,840
Write-down of inventories	41,453	3,866	45,319
Interest in a joint venture	179,982	–	179,982
Interests in associates	–	15,812	15,812
Share of result of a joint venture	(14,604)	–	(14,604)
Share of results of associates	(374)	(2,170)	(2,544)

Geographical information

The Group's operations and location of non-current assets are substantially in the People's Republic of China (the "PRC"). Information about the Group's revenue from external customers is presented based on location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets. All non-current assets are allocated to reportable and operating segments.

Revenue from the external customers, based on the location of its customers, are as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Geographical region					
Mainland China	13,214,068	17,278,118	18,884,010	15,614,785	17,203,893
Overseas	192,372	160,661	303,501	248,321	239,972
Total	13,406,440	17,438,779	19,187,511	15,863,106	17,443,865

Non-current assets based on their locations are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Geographical region				
Mainland China	4,248,011	4,725,302	7,105,546	7,420,934
Hong Kong	–	–	179,141	180,692
Total	4,248,011	4,725,302	7,284,687	7,601,626

Note: Non-current assets excluded equity instruments designated at FVTOCI and deferred tax assets.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group of the corresponding year/period are as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A	2,161,117	–*	–*	–*	–*

* The corresponding revenue did not exceed 10% of total revenue of the Group during the relevant year/period.

8. OTHER INCOME, GAINS AND LOSSES, NET

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Exchange gain/(loss), net	823	698	1,133	695	(1,039)
Bank interest income	14,095	26,001	33,170	29,658	21,546
Government grants*	40,957	28,390	26,168	23,849	31,283
Additional value added tax deductions	–	56,968	121,896	100,783	63,557
Loss on disposal of a subsidiary *(note 44)*	–	–	–	–	(377)
Gain on disposal of associates	103	–	–	–	–
Investment return from financial assets at FVTPL	–	–	429	–	(41)
Loss on derecognition of financial assets at FVTPL	(1,598)	–	–	–	–
(Loss)/gain from changes in fair value of financial assets at FVTPL	(753)	(91)	1,315	356	1,347
Commercial compensation	6,866	529	1,664	1,500	337

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
(Loss)/gain on disposal of property, plant and equipment	(1,595)	(4,449)	1,014	(527)	3,005
Gain on disposal of investment property	–	–	8,271	8,271	–
Gain on bargain purchase arising on acquisitions of subsidiaries *(note 42)*	–	–	168,230	36,951	77
Gain on early termination of lease agreement	7	5	226	146	63
Donation	(2,990)	(10,250)	(4,955)	(4,000)	(114)
Impairment losses on intangible assets	–	–	(11,120)	–	(19,840)
Impairment losses on goodwill	–	–	(6,503)	–	(1,655)
(Impairment losses)/reversal of impairment losses on trade and bills receivables, net	(33,380)	(43,114)	(1,363)	(453)	7,720
(Impairment losses)/reversal of impairment loss on other receivables	(4,474)	(1,845)	4,432	(644)	2,007
Bank charges	(2,316)	(7,236)	(5,620)	(5,329)	(10,033)
Others	500	1,303	(865)	(2,161)	(2,135)
Total	16,245	46,909	337,522	189,095	95,708

* Government grants represented unconditional cash payments granted by government authorities.

9. FINANCE COSTS

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on:					
Bank and other borrowings	109,666	130,501	144,087	111,611	146,208
Convertible bonds	–	6,288	13,642	11,876	11,200
Discounted bills receivable	3,391	8,211	5,106	4,953	12,743
Lease liabilities	1,793	1,385	1,760	1,163	1,330
Total borrowing costs	114,850	146,385	164,595	129,603	171,481
Less: amounts capitalised to construction in progress	(13,974)	(23,643)	(20,027)	(16,847)	(19,700)
Total	100,876	122,742	144,568	112,756	151,781

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.41% per annum, 3.22% per annum, 1.90% per annum, 1.90% per annum and 2.74% per annum during the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025 respectively to expenditure on qualifying assets.

10. INCOME TAX EXPENSE

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current tax – Mainland China					
Charge for the year/period	91,347	33,938	72,840	63,186	89,815
Deferred tax *(note 24)*	(30,489)	4,385	3,649	1,996	9,087
Total	60,858	38,323	76,489	65,182	98,902

The income tax provision of certain PRC entities of the Group has been calculated at the statutory tax rate of 25% on the estimated assessable profits during the Track Record Period and the ten months ended 31 October 2024, based on the existing legislation, interpretations and practices in respect thereof.

The Company and the Company's subsidiaries, Qingdao Guoqi, Guangdong Gon, Yiqing Bio-Tech, Qingdao Gon Composite, Gon Plastic Industry (Zhejiang) Co., Ltd., Gon Plastic Industry (Qingdao) Co., Ltd. and Dongbao Bio-Tech were eligible for a preferential income tax rate of 15% for a qualification of "High and New Technology Enterprise" during the Track Record Period and the ten months ended 31 October 2024.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong. No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in Hong Kong during the Track Record Period and the ten months ended 31 October 2024.

According to the relevant laws and regulations promulgated by the State Council of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Additional Deduction"). The State Taxation Administration of The People's Republic of China ("STA") further announced in March 2021 that manufacturing enterprises engaging in research and development activities would entitle to claim 200% of their research and development expenses as Accelerated Deduction since 1 January 2021. The STA further announced in March 2023 that eligible enterprises would entitle to claim 200% of their research and development expenses as Additional Deduction since 1 January 2023. The Group has made its best estimate for the Additional Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the Track Record Period and the ten months ended 31 October 2024.

The income tax expense for the Track Record Period and the ten months ended 31 October 2024 can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before taxation	785,218	577,933	797,075	609,286	819,885
Tax at the domestic income tax rate of 25%	196,305	144,483	199,269	152,321	204,791
Tax effect of different tax rates of subsidiaries	(79,325)	(71,516)	(69,988)	(67,273)	(78,142)
Losses attributable to joint ventures and associates	1,411	702	253	863	2,572
Income not subject to tax	–	–	(40,172)	–	(19)
Tax effect of non-deductible expenses	2,613	4,075	3,688	1,277	7,927
Tax effect of utilisation of deductible temporary differences not recognised	(139)	(108)	(6,038)	(3,055)	(4,568)
Deductible temporary differences and tax losses not recognised	9,011	52,412	62,221	35,976	29,015
Effect on opening deferred tax of decrease in rates	(2,990)	(2,838)	(805)	(805)	–
Profits Tax concession	(80)	(251)	(238)	(12)	(16)
Additional deduction for qualified research and development expenses	(62,847)	(88,636)	(71,701)	(54,110)	(62,838)
Additional cost deduction for qualified machinery and equipment	(3,101)	–	–	–	–
Income tax expense	60,858	38,323	76,489	65,182	98,902

11. PROFIT FOR THE YEAR

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before tax has been arrived at after charging (crediting):					
Directors' emoluments	2,554	3,444	3,762	2,485	2,522
Other staffs' salaries	361,575	432,185	483,967	376,312	488,360
Other staffs' retirement benefit scheme contributions	42,072	50,778	61,254	43,712	62,605
Total staff costs	406,201	486,407	548,983	422,509	553,487

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of inventories sold	11,034,963	14,424,900	15,970,465	13,306,670	14,234,658
Auditor's remuneration	1,550	1,950	2,150	–	–
[**REDACTED**] expensed off	–	–	–	–	607
Depreciation of property, plant and equipment	191,513	228,327	244,858	208,631	249,151
Depreciation of right-of-use assets	25,303	29,656	32,281	25,748	35,478
Depreciation of investment properties	861	861	392	291	293
Amortisation of intangible assets	8,525	9,021	9,438	7,356	8,035
Provision for impairment losses on assets					
– Goodwill	–	–	6,503	–	1,655
– Intangible assets	–	–	11,120	–	19,840
– Inventories	182,471	144,391	85,954	45,026	45,319
	182,471	144,391	103,577	45,026	66,814

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

Details of the emoluments paid to the individuals including emoluments for services as senior management of the group entities prior to becoming the directors of the Company, during the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, are as follows:

	Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2022					
Executive director:					
Mr. Wang Aiguo	–	497	133	36	666
Mr. Li Zonghao	–	416	113	36	565
Mr. Zhang Shide	–	332	240	–	572
Ms. Li Huiying	–	325	90	36	451
Independent non-executive director:					
Mr. Wang Yaping	100	–	–	–	100
Mr. Luo Fukai *(i)*	100	–	–	–	100
Ms. Ding Naixiu *(i)*	100	–	–	–	100
	300	1,570	576	108	2,554

	Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2023					
Executive director:					
Mr. Wang Aiguo	–	759	272	36	1,067
Mr. Li Zonghao	–	434	237	36	707
Mr. Zhang Shide	–	480	253	–	733
Ms. Li Huiying	–	326	180	36	542
Independent non-executive director:					
Mr. Wang Yaping	133	–	–	–	133
Mr. Sun Jianqiang *(ii)*	93	–	–	–	93
Ms. Liu Shuyan *(ii)*	93	–	–	–	93
Mr. Luo Fukai *(i)*	38	–	–	–	38
Ms. Ding Naixiu *(i)*	38	–	–	–	38
	395	1,999	942	108	3,444

	Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2024					
Executive director:					
Mr. Wang Aiguo	–	684	480	36	1,200
Mr. Li Zonghao	–	443	272	36	751
Mr. Zhang Shide	–	499	300	–	799
Ms. Li Huiying	–	323	203	36	562
Independent non-executive director:					
Mr. Wang Yaping	150	–	–	–	150
Mr. Sun Jianqiang	150	–	–	–	150
Ms. Liu Shuyan	150	–	–	–	150
	450	1,949	1,255	108	3,762

	Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the ten months ended 31 October 2024 (unaudited)					
Executive director:					
Mr. Wang Aiguo	–	600	–	30	630
Mr. Li Zonghao	–	400	–	30	430
Mr. Zhang Shide	–	716	–	5	721
Ms. Li Huiying	–	299	–	30	329

	Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Independent non-executive director:					
Mr. Wang Yaping	125	–	–	–	125
Mr. Sun Jianqiang	125	–	–	–	125
Ms. Liu Shuyan	125	–	–	–	125
	375	2,015	–	95	2,485

	Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the ten months ended 31 October 2025					
Executive director:					
Mr. Wang Aiguo	–	600	–	30	630
Mr. Li Zonghao	–	401	–	30	431
Ms. Li Huiying	–	298	–	30	328
Mr. Han Bo *(iii)*	–	394	–	30	424
Mr. Zhang Shide *(iv)*	–	209	125	–	334
Independent non-executive director:					
Mr. Wang Yaping	125	–	–	–	125
Mr. Sun Jianqiang	125	–	–	–	125
Ms. Xiang Ting *(v)*	60	–	–	–	60
Ms. Liu Shuyan *(vi)*	65	–	–	–	65
	375	1,902	125	120	2,522

(i) Mr. Luo Fukai and Ms. Ding Naixiu resigned as independent non-executive directors on 18 May 2023.

(ii) Mr. Sun Jianqiang and Ms. Liu Shuyan were appointed as independent non-executive directors on 18 May 2023.

(iii) Mr. Han Bo was appointed as an executive director on 6 June 2025.

(iv) Mr. Zhang Shide resigned as an executive director on 23 May 2025.

(v) Ms. Xiang Ting was appointed as an independent non-executive director on 6 June 2025.

(vi) Mr. Liu Shuyan resigned as an independent non-executive director on 6 June 2025.

Performance related bonuses are determined based on the Group's performance and performance of the relevant individual within the Group.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as independent non-executive directors of the Company.

Mr. Wang Aiguo is also the Chief Executive of the Company and his remuneration disclosed above includes those for services rendered by him as the Chief Executive.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period and the ten months ended 31 October 2024.

(b) Five highest paid employees

The five highest paid individuals of the Group included 2, 1, 3, 3, 2 directors whose emoluments for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively are included in the disclosure above. The remuneration of the remaining 3, 4, 2, 2 and 3 individuals during the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively were as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and other allowances	1,597	2,025	1,029	1,022	1,990
Performance related bonuses	548	1,400	590	286	508
Retirement benefit scheme contributions	204	307	40	22	120
	2,349	3,732	1,659	1,330	2,618

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	No. of employees	*No. of employees*	*No. of employees*	*No. of employees (unaudited)*	*No. of employees*
Nil to HKD1,000,000	2	2	2	2	2
HKD1,000,001 to HKD1,500,000	1	2	–	–	1
	3	4	2	2	3

During the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, no emolument was paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

The dividends declared by the Company's subsidiaries to their then shareholders and dividends declared by the Company during the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025 were as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Dividends declared by the subsidiaries to non-controlling shareholders	2,807	12,165	10,294	10,294	11,433
Dividends declared by the Company	67,813	67,813	48,346	48,346	74,200

14. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share are based on:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Earnings					
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share	663,412	471,478	685,232	508,326	712,646
Effect of convertible bonds issued by a subsidiary	–	(1,408)	(693)	(762)	372
Profit for the year/period attributable to owners of the Company for the purpose of diluted earnings per share	663,412	470,070	684,539	507,564	713,018
Number of shares					
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	271,250,000	271,250,000	267,687,086	248,174,229	265,000,000

Basic earnings per share is calculated by dividing the profit for the year/period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period and the ten months ended 31 October 2024, excluding treasury shares held for share schemes as these shares are not considered outstanding for the purpose of calculating the basic earnings per share.

The calculation of the diluted earnings per share is based on the profit for the year/period attributable to owners of the Company, taking into the effects of parent's proportionate interest in the subsidiary's profits attributable to convertible bonds issued by the non-wholly-owned listed subsidiary. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares outstanding during the Track Record Period and the ten months ended 31 October 2024, as used in the calculation of the basic earnings per share.

For the ten months ended 31 October 2025, the computation of diluted earnings per share does not assume the conversion of the convertible bonds issued by a subsidiary since their exercise would result in an increase in earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2022	1,349,391	1,074,422	97,480	38,849	286,658	2,846,800
Additions	41,375	169,220	22,713	6,499	607,485	847,292
Disposals	–	(7,237)	(1,306)	(3,274)	–	(11,817)
Transfer from construction in progress	65,700	25,323	–	–	(91,023)	–
At 31 December 2022	1,456,466	1,261,728	118,887	42,074	803,120	3,682,275
Additions	3,092	55,771	23,190	8,417	600,339	690,809
Disposals	(1,998)	(14,578)	(2,589)	(1,278)	–	(20,443)
Transfer from construction in progress	449,683	153,359	4,156	–	(607,198)	–
Transfer to construction in progress	(7,524)	(4,013)	(51)	–	5,098	(6,490)
At 31 December 2023	1,899,719	1,452,267	143,593	49,213	801,359	4,346,151
Additions	15,745	50,345	18,459	11,069	341,844	437,462
Acquisitions of subsidiaries *(note 42)*	418,284	198,605	7,915	6,185	1,357,889	1,988,878
Transfer from construction in progress	118,241	188,035	7,515	–	(313,791)	–
Disposals	(17,588)	(20,040)	(10,259)	(5,803)	–	(53,690)
Exchange adjustment	1,175	438	1,175	39	–	2,827
At 31 December 2024	2,435,576	1,869,650	168,398	60,703	2,187,301	6,721,628
Additions	2,333	39,473	22,281	9,088	508,487	581,662
Acquisitions of subsidiaries *(note 42)*	32,974	7,631	259	76	–	40,940
Transfer from construction in progress	52,128	61,987	1,570	30	(115,715)	–
Transfer to construction in progress	–	(5,800)	–	–	5,800	–
Disposals	(6,365)	(4,069)	(15,964)	(7,633)	–	(34,031)
Exchange adjustment	(2,513)	(4,850)	(107)	(44)	–	(7,514)
At 31 October 2025	2,514,133	1,964,022	176,437	62,220	2,585,873	7,302,685

	Plant and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
DEPRECIATION						
At 1 January 2022	136,005	252,345	58,330	22,439	–	469,119
Provided for the year	61,077	108,730	16,528	5,178	–	191,513
Disposals	–	(2,885)	(932)	(2,844)	–	(6,661)
At 31 December 2022	197,082	358,190	73,926	24,773	–	653,971
Provided for the year	78,749	126,526	17,581	5,471	–	228,327
Disposals	(1,586)	(5,866)	(1,209)	(1,153)	–	(9,814)
Transfer to construction in progress	(3,511)	(2,930)	(49)	–	–	(6,490)
At 31 December 2023	270,734	475,920	90,249	29,091	–	865,994
Provided for the year	69,927	144,807	22,276	7,848	–	244,858
Disposals	(92)	(7,899)	(4,218)	(3,103)	–	(15,312)
Exchange adjustment	1,999	3,411	123	53	–	5,586
At 31 December 2024	342,568	616,239	108,430	33,889	–	1,101,126
Provided for the period	86,830	135,864	18,336	8,121	–	249,151
Disposals	(1,125)	(2,940)	(1,595)	(5,318)	–	(10,978)
Exchange adjustment	(1,255)	(4,189)	(84)	(7)	–	(5,535)
At 31 October 2025	427,018	744,974	125,087	36,685	–	1,333,764
CARRYING VALUES						
At 31 December 2022	1,259,384	903,538	44,961	17,301	803,120	3,028,304
At 31 December 2023	1,628,985	976,347	53,344	20,122	801,359	3,480,157
At 31 December 2024	2,093,008	1,253,411	59,968	26,814	2,187,301	5,620,502
At 31 October 2025	2,087,115	1,219,048	51,350	25,535	2,585,873	5,968,921

As at 31 December 2022, 2023, 2024 and 31 October 2025, the Group's plant and buildings, machinery and equipment and construction in progress of approximately RMB1,037,100,000, RMB1,026,727,000, RMB1,150,383,000 and RMB910,052,000, respectively, were pledged to secure bank and other borrowings granted to the Group.

The Company

	Plant and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2022	244,692	163,761	29,148	22,077	1,770	461,448
Additions	75,266	55,403	11,584	3,258	23,269	168,780
Disposals	(4,329)	–	(285)	(788)	–	(5,402)
Transfer from construction in progress	4,398	65	–	–	(4,463)	–
Transfer to investment property	(3,318)	–	–	–	–	(3,318)

	Plant and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022	316,709	219,229	40,447	24,547	20,576	621,508
Additions	1,117	2,179	5,903	1,995	234,071	245,265
Disposals	(6,149)	(5,314)	(32)	(454)	–	(11,949)
Transfer from construction in progress	172,872	3,668	–	–	(176,540)	–
Transfer to investment property	(44,227)	–	–	–	–	(44,227)
At 31 December 2023	440,322	219,762	46,318	26,088	78,107	810,597
Additions	15,479	4,306	1,499	761	99,440	121,485
Disposals	–	(2,465)	(3,474)	(2,025)	–	(7,964)
Transfer to investment property	(7,035)	–	–	–	–	(7,035)
Transfer from construction in progress	15,107	350	322	–	(15,779)	–
At 31 December 2024	463,873	221,953	44,665	24,824	161,768	917,083
Additions	1,849	3,328	1,342	372	164,368	171,259
Transfer from construction in progress	549	–	–	–	(549)	–
Disposals	–	(1,494)	(25)	–	–	(1,519)
At 31 October 2025	466,271	223,787	45,982	25,196	325,587	1,086,823
DEPRECIATION						
At 1 January 2022	36,094	33,625	17,382	13,263	–	100,364
Provided for the year	20,276	24,528	4,912	2,885	–	52,601
Disposals	(722)	–	(217)	(749)	–	(1,688)
Transfer to investment property	(132)	–	–	–	–	(132)
At 31 December 2022	55,516	58,153	22,077	15,399	–	151,145
Provided for the year	21,424	20,266	5,682	2,464	–	49,836
Disposals	(2,971)	(2,297)	(20)	(431)	–	(5,719)
Transfer to investment property	(4,825)	–	–	–	–	(4,825)
At 31 December 2023	69,144	76,122	27,739	17,432	–	190,437
Provided for the year	24,385	20,066	6,503	2,638	–	53,592
Disposals	–	(1,197)	(1,890)	(1,763)	–	(4,850)
Transfer to investment property	(801)	–	–	–	–	(801)
At 31 December 2024	92,728	94,991	32,352	18,307	–	238,378
Provided for the period	17,777	17,209	3,351	1,750	–	40,087
Disposals	–	(654)	(24)	–	–	(678)
At 31 October 2025	110,505	111,546	35,679	20,057	–	277,787
CARRYING VALUES						
At 31 December 2022	261,193	161,076	18,370	9,148	20,576	470,363

	Plant and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023	371,178	143,640	18,579	8,656	78,107	620,160
At 31 December 2024	371,145	126,962	12,313	6,517	161,768	678,705
At 31 October 2025	355,766	112,241	10,303	5,139	325,587	809,036

As at 31 December 2022, 2023, 2024 and 31 October 2025, the Company's plant and buildings, machinery and equipment, and construction in progress of approximately RMB327,055,000, RMB353,960,000, RMB364,480,000 and RMB404,478,000, respectively were pledged to secure bank and other borrowings granted to the Company.

16. RIGHT-OF-USE ASSETS

The Group

	Land use right	Buildings	Port facilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At 1 January 2022	402,654	37,586	–	440,240
Additions	44,995	25,095	–	70,090
Transfer to investment properties	(19,416)	–	–	(19,416)
Termination of leases	–	(914)	–	(914)
At 31 December 2022	428,233	61,767	–	490,000
Additions	72,422	5,509	–	77,931
Termination of leases	–	(339)	–	(339)
At 31 December 2023	500,655	66,937	–	567,592
Additions	6,649	27,986	–	34,635
Acquisitions of subsidiaries *(note 42)*	202,267	–	15,257	217,524
Termination of leases	–	(7,246)	–	(7,246)
Exchange adjustment	151	–	211	362
At 31 December 2024	709,722	87,677	15,468	812,867
Additions	–	22,254	–	22,254
Acquisitions of subsidiaries *(note 42)*	10,905	–	–	10,905
Termination of leases	–	(44,609)	–	(44,609)
Exchange adjustment	(489)	(100)	(230)	(819)
At 31 October 2025	720,138	65,222	15,238	800,598

	Land use right	Buildings	Port facilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
DEPRECIATION				
At 1 January 2022	17,401	6,772	–	24,173
Provided for the year	10,011	15,292	–	25,303
Transfer to investment properties	(1,861)	–	–	(1,861)
Termination of leases	–	(229)	–	(229)
At 31 December 2022	25,551	21,835	–	47,386
Provided for the year	11,969	17,687	–	29,656
Termination of leases	–	(226)	–	(226)
At 31 December 2023	37,520	39,296	–	76,816
Provided for the year	12,659	17,415	2,207	32,281
Termination of leases	–	(2,193)	–	(2,193)
Exchange adjustment	82	–	3	85
At 31 December 2024	50,261	54,518	2,210	106,989
Provided for the period	15,270	15,854	4,354	35,478
Termination of leases	–	(35,910)	–	(35,910)
Exchange adjustment	(96)	(6)	(33)	(135)
At 31 October 2025	65,435	34,456	6,531	106,422
CARRYING VALUES				
At 31 December 2022	402,682	39,932	–	442,614
At 31 December 2023	463,135	27,641	–	490,776
At 31 December 2024	659,461	33,159	13,258	705,878
At 31 October 2025	654,703	30,766	8,707	694,176

As at 31 December 2022, 2023, 2024 and 31 October 2025, the Group's land use right of approximately RMB245,459,000, RMB216,572,000, RMB283,903,000 and RMB200,256,000 respectively, were pledged to secure bank and other borrowings granted to the Group.

The Company

	Land use right	Buildings	Port facilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At 1 January 2022	14,497	16,075	22,548	53,120
Additions	2,494	12,991	10,119	25,604
Termination of leases	–	(914)	(22,548)	(23,462)
At 31 December 2022	16,991	28,152	10,119	55,262
Additions	–	1,552	–	1,552
Transfer to investment properties	(2,389)	–	–	(2,389)
Termination of leases	–	–	(10,119)	(10,119)
At 31 December 2023	14,602	29,704	–	44,306
Additions	3,938	3,273	–	7,211
Termination of leases	–	(4,469)	–	(4,469)
At 31 December 2024	18,540	28,508	–	47,048
Additions	–	9,366	–	9,366
Termination of leases	–	(25,451)	–	(25,451)
At 31 October 2025	18,540	12,423	–	30,963
DEPRECIATION				
At 1 January 2021	2,459	3,767	11,274	17,500
Provided for the year	853	7,152	8,426	16,431
Termination of leases	–	(229)	(15,971)	(16,200)
At 31 December 2022	3,312	10,690	3,729	17,731
Provided for the year	330	8,825	533	9,688
Termination of leases	–	–	(4,262)	(4,262)
Transfer to investment properties	(562)	–	–	(562)
At 31 December 2023	3,080	19,515	–	22,595
Provided for the year	746	7,540	–	8,286
Termination of leases	–	(1,915)	–	(1,915)
At 31 December 2024	3,826	25,140	–	28,966
Provided for the period	310	2,989	–	3,299
Termination of leases	–	(25,343)	–	(25,343)
At 31 October 2025	4,136	2,786	–	6,922
CARRYING VALUES				
At 31 December 2022	13,679	17,462	6,390	37,531
At 31 December 2023	11,522	10,189	–	21,711
At 31 December 2024	14,714	3,368	–	18,082
At 31 October 2025	14,404	9,637	–	24,041

As at 31 December 2022, 2023, 2024 and 31 October 2025, the Company's land use right of approximately RMB45,412,000, RMB44,198,000, RMB42,985,000 and RMB41,973,000 were pledged to secure bank and other borrowings granted to the Company.

17. INVESTMENT PROPERTIES

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At the beginning of the year/period	11,682	31,098	31,098	7,013
Transfer from right-of-use assets	19,416	–	–	–
Disposal	–	–	(24,085)	–
At the end of the year/period	31,098	31,098	7,013	7,013
DEPRECIATION				
At the beginning of the year/period	6,061	8,783	9,644	4,436
Provided for the year/period	861	861	392	293
Transfer from right-of use assets	1,861	–	–	–
Disposals	–	–	(5,600)	–
At the end of the year/period	8,783	9,644	4,436	4,729
CARRYING VALUES				
At the beginning of the year/period	5,621	22,315	21,454	2,577
At the end of the year/period	22,315	21,454	2,577	2,284

The fair value of the Group's investment properties as at 31 December 2022, 2023, 2024 and 31 October 2025 was RMB38,574,000, RMB38,977,000, RMB6,731,000 and RMB6,717,000, respectively. The fair value has been arrived at based on a valuation carried out by Qingdao Tianhe Asset Appraisal Co., Ltd., independent valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions. Selection criteria of the external valuer include market knowledge, reputation, independence and whether professional standards are maintained. The fair value of the investment properties measured at the end of the reporting period was categorised into Level 3 valuation, where fair value was measured using significant unobservable inputs, as defined in IFRS 13 Fair Value Measurement. There were no transfers between levels of fair value hierarchy during the Track Record Period.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At the beginning of the year/period	244,791	221,346	267,962	256,031
Transfer from property, plant and equipment	3,318	44,227	7,035	–
Transfer from right-of-use assets	–	2,389	–	–
Disposal	(26,763)	–	(18,966)	–
At the end of the year/period	221,346	267,962	256,031	256,031

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
DEPRECIATION				
At the beginning of the year/period	37,830	41,047	54,230	60,851
Provided for the year/period	7,944	7,796	7,702	7,175
Transfer from property, plant and equipment	132	4,825	801	–
Transfer from right-of-use assets	–	562	–	–
Disposals	(4,859)	–	(1,882)	–
At the end of the year/period	41,047	54,230	60,851	68,026
CARRYING VALUES				
At the beginning of the year/period	206,961	180,299	213,732	195,180
At the end of the year/period	180,299	213,732	195,180	188,005

18. GOODWILL

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At the beginning of the year/period	340,133	340,133	340,133	340,133
IMPAIRMENT				
At the beginning of the year/period	–	–	–	6,503
Impairment loss recognised during the year/period	–	–	6,503	1,655
At the end of the year/period	–	–	6,503	8,158
CARRYING VALUES				
At the beginning of the year/period	340,133	340,133	340,133	333,630
At the end of the year/period	340,133	340,133	333,630	331,975

For the purposes of impairment testing, goodwill and trademarks with indefinite useful lives acquired through business combination is allocated to Dongbao Bio-Tech cash-generating unit ("Dongbao Bio-Tech CGU"). Property, plant and equipment, right-of-use assets and trademarks (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the Dongbao Bio-Tech CGU.

The calculation of recoverable amount of the Dongbao Bio-Tech CGU as at 31 December 2022, 2023, 2024 and 31 October 2025 has been determined by the fair value less cost of disposal based on the enterprise value of Dongbao Bio-Tech and its subsidiaries by reference to the quoted market price available on Shenzhen Stock Exchange as at 31 December 2022, 2023 and 2024 and 31 October 2025, which are level 1 input in accordance with IFRS 13 Fair Value Measurement, after deducting the unrelated assets and liabilities with the CGU from the enterprise value of Dongbao Bio-Tech.

Based on the result of impairment assessment, the recoverable amount, carrying amount of Dongbao Bio-Tech CGU and details of impairment provision of Dongbao Bio-Tech CGU as at 31 December 2024 and 31 October 2025 are as follows:

As at 31 December 2024

	Recoverable amount	Carrying amount	Percentage of the share hold by the Group	Impairment provision
	RMB'000	*RMB'000*		*RMB'000*
Dongbao Bio-Tech CGU	2,776,279	2,806,981	21.18%	6,503

As at 31 October 2025

	Recoverable amount	Carrying amount	Percentage of the share hold by the Group	Impairment provision
	RMB'000	*RMB'000*		*RMB'000*
Dongbao Bio-Tech CGU	2,737,762	2,776,279	21.18%	8,158

During the year ended 31 December 2024 and the ten months ended 31 October 2025, the Group recognised an impairment loss of RMB6,503,000 and RMB1,655,000, respectively in profit or loss, to write down the carrying amount of goodwill in relation to Dongbao Bio-Tech CGU to its recoverable amount.

The table below sets forth the sensitivity analysis and headroom for the key parameters used in the impairment test for the Dongbao Bio-Tech CGU as of 31 December 2022 and 31 December 2023.

Impairment assessment of the Dongbao Bio-Tech CGU as of 31 December 2022

	Recoverable amount	Carrying amount	Headroom
	RMB'000	*RMB'000*	*RMB'000*
Base case	3,728,045	2,904,084	823,961
Market price increase by 5%	3,947,886	2,904,084	1,043,802
Market price increased by 10%	4,167,727	2,904,084	1,263,643
Market price decreased by 5%	3,508,204	2,904,084	604,120
Market price decreased by 10%	3,288,363	2,904,084	384,279

Impairment assessment of the Dongbao Bio-Tech CGU as of 31 December 2023

	Recoverable amount	Carrying amount	Headroom
	RMB'000	*RMB'000*	*RMB'000*
Base case	2,912,947	2,861,840	51,107
Market price increase by 5%	3,100,977	2,861,840	239,137
Market price increased by 10%	3,289,006	2,861,840	427,166
Market price decreased by 5%	2,724,917	2,861,840	(136,923)
Market price decreased by 10%	2,536,888	2,861,840	(324,952)

19. INTANGIBLE ASSETS

The Group

	Trademark	Software	Non-patent technology	Patent	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At 1 January 2022	266,166	6,162	8,749	50,200	331,277
Additions	–	567	10,002	2,294	12,863
At 31 December 2022	266,166	6,729	18,751	52,494	344,140
Additions	–	487	–	–	487
At 31 December 2023	266,166	7,216	18,751	52,494	344,627
Additions	21	663	5,423	3,121	9,228
Acquisitions of subsidiaries *(note 42)*	5	1	–	188	194
Transfer	–	–	(2,674)	2,674	–
At 31 December 2024	266,192	7,880	21,500	58,477	354,049
Additions	–	290	–	1,887	2,177
Acquisitions of subsidiaries *(note 42)*	2	–	–	4,022	4,024
At 31 October 2025	266,194	8,170	21,500	64,386	360,250
AMORTISATION AND IMPAIRMENT					
At 1 January 2022	–	2,199	1,977	2,640	6,816
Provided for the year	–	872	1,846	5,807	8,525
At 31 December 2022	–	3,071	3,823	8,447	15,341
Provided for the year	–	970	2,091	5,960	9,021
At 31 December 2023	–	4,041	5,914	14,407	24,362
Provided for the year	–	1,275	1,885	6,278	9,438
Impairment loss recognised	11,120	–	–	–	11,120
Transfer	–	–	(1,200)	1,200	–
At 31 December 2024	11,120	5,316	6,599	21,885	44,920
Provided for the period	–	746	1,780	5,509	8,035
Impairment loss recognised	19,840	–	–	–	19,840
At 31 October 2025	30,960	6,062	8,379	27,394	72,795
CARRYING VALUES					
At 31 December 2022	266,166	3,658	14,928	44,047	328,799
At 31 December 2023	266,166	3,175	12,837	38,087	320,265
At 31 December 2024	255,072	2,564	14,901	36,592	309,129
At 31 October 2025	235,234	2,108	13,121	36,992	287,455

The useful lives are as follows:

Patent rights and non-patented technology	5 years to 15 years
Software	3 years to 10 years
Trademark	Indefinite life

The trademark has a legal life of 10 years but is renewable every 10 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

The recoverable amount of trademark is determined based on a value in use calculation using cash flow projections directly attributable to the trademark based on financial budgets covering a five-year period approved by the management.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of trademark:

Revenue	The basis used to determine the value assigned is based on past performance and management expectation for the market development and planned production capacity of the product directly attributable to the trademark.
Royalty rate	The royalty rate is estimated based on the royalty rates from similar intangible assets in the same industry and adjusted to modify rates based on asset uniqueness, market position, and exclusivity.
Discount rates	The discount rates used are before tax and reflect specific risk relating to Dongbao Bio-Tech and adjusted for trademark-specific risks. The discount rates applied to cash flow projections during the Track Record Period were assumed to be 14.20%, 12.93%, 13.80% and 12.00%, respectively.
Long-term growth rate	The growth rates used to extrapolate the cash flows beyond the five-year period for collagen series products were 1% while the growth rates used to extrapolate the cash flows beyond the five-year period for gelatin series products were 0% throughout the Track Record Period. The growth rates do not exceed long-term average growth rates for the business in which the CGU operates. The growth rates and discount rates have been assessed taking into consideration higher degree of estimation uncertainties in the current year due to volatility in the financial markets.

The values assigned to the key assumptions on market development of the industries in which the CGU operates, discount rate and long-term growth rate are consistent with external information sources.

Impairment losses on trademark of RMB11,120,000 and RMB19,840,000 were recognised during the year ended 31 December 2024 and the ten months ended 31 October 2025, respectively, due to the unfavorable market conditions of health industry.

The table below sets forth the sensitivity analysis and headroom for the key parameters used in the impairment test for the trademark as of 31 December 2022 and 31 December 2023.

Impairment assessment of the trademark as of 31 December 2022

	Recoverable amount	Carrying amount	Headroom
	RMB'000	*RMB'000*	*RMB'000*
Base case	274,083	266,166	7,917
Revenue increased by 1%	276,921	266,166	10,755
Revenue increased by 3%	282,297	266,166	16,131
Revenue decreased by 1%	271,345	266,166	5,179
Revenue decreased by 3%	265,870	266,166	(296)
Discount rate increased by 1%	271,421	266,166	5,255
Discount rate increased by 3%	266,067	266,166	(99)
Discount rate decreased by 1%	276,965	266,166	10,799
Discount rate decreased by 3%	282,697	266,166	16,531

Impairment assessment of the trademark as of 31 December 2023

	Recoverable amount	Carrying amount	Headroom
	RMB'000	*RMB'000*	*RMB'000*
Base case	273,508	266,166	7,342
Revenue increased by 1%	276,280	266,166	10,114
Revenue increased by 3%	281,624	266,166	15,458
Revenue decreased by 1%	270,736	266,166	4,570
Revenue decreased by 3%	265,292	266,166	(874)
Discount rate increased by 1%	270,882	266,166	4,716
Discount rate increased by 3%	265,672	266,166	(494)
Discount rate decreased by 1%	276,146	266,166	9,980
Discount rate decreased by 3%	281,762	266,166	15,596

In relation to trademark that was impaired during the year ended 31 December 2024 and the ten months ended 31 October 2025, any variation in the key assumptions above would result in further impairment.

20. INTERESTS IN A JOINT VENTURE

The Group and the Company

During the year ended 31 December 2024, the Group acquired equity interests of 50% in Shanghai Yucheng Industrial Co., Ltd ("Shanghai Yucheng") for a consideration of RMB200,000,000.

Particulars of the Group's joint venture, which was established and operates in Mainland China, are as follows:

Name of entity	Proportion of registered capital/voting rights held by the Group	Registered capital	Principal activity
		RMB'000	
上海俣城實業有限公司 Shanghai Yucheng Industrial Co., Ltd.	50%	70,000	Investment holding, property management and research and development of new materials

The Group's shareholding in Shanghai Yucheng is directly held by the Company.

The summarised financial information in respect of the joint venture and is accounted for using equity method is set out below:

	As at 31 December 2024	As at 31 October 2025
	RMB'000	*RMB'000*
Current assets	326	577
Non-current assets	659,465	646,302
Current liabilities	(30,619)	(53,554)
Non-current liabilities	(240,000)	(233,361)
Loss and total comprehensive expense for the eight-months period from the acquisition date to 31 December 2024/the ten months ended 31 October 2025	(10,828)	(29,208)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shanghai Yucheng recognised in the consolidated financial statements:

	As at 31 December 2024	As at 31 October 2025
	RMB'000	*RMB'000*
Net assets	389,172	359,964
Proportion of the Group's ownership	50%	50%
The Group's share of net assets of the joint venture	194,586	179,982

21. INTERESTS IN ASSOCIATES

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	22,695	21,589	17,908	15,812

Particulars of the Group's associates, which were established and operate in Mainland China, are as follows:

Name of entity	Proportion of registered capital/voting rights held by the Group	Registered capital	Principal activity
		RMB'000	
Baotou Baochenglian Fine Chemical Co., Ltd (包頭市寶成聯精細化工有限責任公司)	49%	18,600	Production and sales of hydrochloric acid
Tongliao Mengbao Biotechnology Co., Ltd (通遼市蒙寶生物科技有限公司)	49%	35,000	Processing and sales of cattle by-products
Zhejiang Guojiang New Materials Technology Co., Ltd (浙江國疆新材料科技有限公司)	36%	10,000	Manufacturing of high-performance fibers and composite materials

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	Year ended as at 31 December			Ten months ended as at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' losses for the year/period	(1,688)	(4,678)	(3,992)	(2,544)
Share of the associates' total comprehensive expense for the year/period	(1,688)	(4,678)	(3,992)	(2,544)
Carrying amount of the Group's investments in the associates	22,695	21,589	17,908	15,812

22. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments	2,242,143	2,384,376	2,571,981	2,921,102

23. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

Equity instruments designated at FVTOCI represent the Group's equity interest in unlisted entities established in the PRC. The management of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. For the details of fair value measurement of the above equity instruments, please refer to note 41(c).

24. DEFERRED TAXATION

The Group

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	71,270	23,732	17,961	19,447
Deferred tax liabilities	(124,830)	(87,316)	(149,236)	(160,886)
	(53,560)	(63,584)	(131,275)	(141,439)

The deferred tax assets/(liabilities) recognised by the Group and movements thereon during the Track Record Period are as follows:

	Tax losses	Impairment on assets	Fair value adjustment arising from business combination	Excess carrying value of property, plant and equipments over tax depreciation	Convertible bonds	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	13,112	23,870	(75,065)	(51,879)	–	5,913	(84,049)
Credit/(charge) to profit or loss for the year	27,040	12,422	2,764	(13,447)	–	1,710	30,489
At 31 December 2022	40,152	36,292	(72,301)	(65,326)	–	7,623	(53,560)
Credit/(charge) to profit or loss for the year	5,472	(8,269)	2,088	(3,613)	–	(63)	(4,385)
Charge to equity for the year	–	–	–	–	(5,639)	–	(5,639)
At 31 December 2023	45,624	28,023	(70,213)	(68,939)	(5,639)	7,560	(63,584)
(Charge)/credit to profit or loss for the year	(4,182)	(1,332)	7,141	(4,603)	–	(673)	(3,649)
Acquisitions of subsidiaries *(note 42)*	–	–	(63,887)	–	–	(155)	(64,042)
At 31 December 2024	41,442	26,691	(126,959)	(73,542)	(5,639)	6,732	(131,275)
(Charge)/credit to profit or loss for the period	(14,539)	(3,306)	7,540	892	1,820	(1,494)	(9,087)
Acquisitions of subsidiaries *(note 42)*	–	–	(1,077)	–	–	–	(1,077)
At 31 October 2025	26,903	23,385	(120,496)	(72,650)	(3,819)	5,238	(141,439)

As at 31 December 2022, 2023 and 2024 and 31 October 2025, the Group has unused tax losses available for offset against future profits and deductible temporary differences, no deferred tax asset has been recognised due to the unpredictability of future profit streams as below:

The unrecognised tax losses will expire in the follow years:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2023	6,463	–	–	–
2024	9,802	9,802	–	–
2025	15,093	15,093	12,199	10,586
2026	22,711	22,180	17,759	18,884
2027	40,849	40,593	18,984	53,514
2028	–	35,818	35,818	55,218
2029	–	147,544	422,976	109,033
2030 and beyond	–	–	–	334,381
	94,918	271,030	507,736	581,616

25. INVENTORIES

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	2,050,888	2,461,495	2,631,638	2,555,252
Work in progress	229,292	272,802	303,836	287,225
Finished goods	273,569	391,693	479,970	957,650
Low value consumables	13,905	17,514	23,615	37,864
Others	12,779	8,301	7,459	4,781
	2,580,433	3,151,805	3,446,518	3,842,772
Write-down	(147,913)	(66,655)	(68,863)	(52,398)
	2,432,520	3,085,150	3,377,655	3,790,374

During the Track Record Period, the write-down of inventories of the Group amounted to RMB182,471,000, RMB144,391,000, RMB85,954,000 and RMB45,319,000 were provided, respectively.

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	1,825,258	1,894,471	1,966,332	1,903,397
Work in progress	62,635	128,666	104,391	88,725
Finished goods	11,001	210	10,863	375,304
Low value consumables	7,618	10,152	12,631	11,661
Others	688	2,043	1,027	1,333
	1,907,200	2,035,542	2,095,244	2,380,420
Write-down	(139,517)	(55,593)	(44,803)	(28,456)
	1,767,683	1,979,949	2,050,441	2,351,964

During the Track Record Period, the write-down of inventories of the Company amounted to RMB178,997,000, RMB140,241,000, RMB80,560,000 and RMB42,536,000 were provided, respectively.

26. TRADE AND BILLS RECEIVABLES

The Group

		As at 31 December			As at 31 October
	Notes	2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	*(a)*	1,697,504	2,589,683	2,889,964	2,913,312
Less: Expected credit losses		(70,108)	(112,978)	(114,909)	(104,126)
		1,627,396	2,476,705	2,775,055	2,809,186
Bills receivables	*(b)*	544,194	591,574	682,974	720,389
Less: Expected credit losses		(2,721)	(2,965)	(3,415)	(3,602)
		541,473	588,609	679,559	716,787
		2,168,869	3,065,314	3,454,614	3,525,973

The Company

	Notes	As at 31 December			As at 31 October
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	*(a)*	2,281,479	2,719,004	2,671,669	2,460,259
Less: Expected credit losses		(28,849)	(51,355)	(51,124)	(41,222)
		2,252,630	2,667,649	2,620,545	2,419,037
Bills receivables	*(b)*	325,289	417,368	527,824	403,358
Less: Expected credit losses		(1,627)	(2,087)	(2,563)	(2,017)
		323,662	415,281	525,261	401,341
		2,576,292	3,082,930	3,145,806	2,820,378

(a) The Group generally allows credit period ranging from 30 to 90 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the date of revenue recognition as at 31 December 2022, 2023, 2024 and 31 October 2025:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,532,129	2,400,547	2,702,008	2,766,643
1 to 2 years	39,124	11,962	14,334	14,804
2 to 3 years	53,258	31,780	7,807	8,809
Over 3 years	2,885	32,416	50,906	18,930
	1,627,396	2,476,705	2,775,055	2,809,186

The Company

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the date of revenue recognition as at 31 December 2022, 2023, 2024 and 31 October 2025:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,648,859	1,828,716	1,884,290	1,685,136
1 to 2 years	543,172	751,644	22,683	22,049
2 to 3 years	57,089	49,542	673,230	8,714
Over 3 years	3,510	37,747	40,342	703,138
	2,252,630	2,667,649	2,620,545	2,419,037

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the Track Record Period.

The Group

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
As at 31 December 2022			
Less than 1 year	0.52	1,540,178	8,049
1 to 2 years	27.42	53,903	14,779
2 to 3 years	33.41	79,981	26,723
More than 3 years	87.69	23,442	20,557
	4.13	1,697,504	70,108

	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
As at 31 December 2023			
Less than 1 year	0.84	2,420,798	20,251
1 to 2 years	39.08	19,634	7,672
2 to 3 years	38.15	51,381	19,601
More than 3 years	66.88	97,870	65,454
	4.36	2,589,683	112,978

	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
As at 31 December 2024			
Less than 1 year	0.72	2,721,633	19,625
1 to 2 years	35.51	22,226	7,892
2 to 3 years	50.91	15,904	8,097
More than 3 years	60.90	130,201	79,295
	3.98	2,889,964	114,909

	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
As at 31 October 2025			
Less than 1 year	1.15	2,798,864	32,221
1 to 2 years	26.93	20,261	5,457
2 to 3 years	50.73	17,880	9,071
More than 3 years	75.19	76,307	57,377
	3.57	2,913,312	104,126

The Company

The Company recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
As at 31 December 2022			
Less than 1 year	0.24	1,652,811	3,952
1 to 2 years	0.00	543,175	3
2 to 3 years	24.42	75,539	18,450
More than 3 years	64.74	9,954	6,444
	1.26	2,281,479	28,849

	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
As at 31 December 2023			
Less than 1 year	0.77	1,842,874	14,158
1 to 2 years	0.01	751,693	49
2 to 3 years	0.00	49,543	1
More than 3 years	49.60	74,894	37,147
	1.89	2,719,004	51,355

	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
As at 31 December 2024			
Less than 1 year	0.64	1,896,421	12,131
1 to 2 years	10.61	25,374	2,691
2 to 3 years	0.00	673,237	7
More than 3 years	47.36	76,637	36,295
	1.91	2,671,669	51,124

	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
As at 31 October 2025			
Less than 1 year	1.36	1,708,286	23,150
1 to 2 years	1.75	22,442	393
2 to 3 years	8.65	9,539	825
More than 3 years	2.34	719,992	16,854
	1.68	2,460,259	41,222

(b) All the bills are with a maturity period of less than 6 months.

The carrying amounts of the bills receivables include receivables which are transferred to banks or suppliers by discounting or endorsing those receivables on a full recourse basis. Under these arrangements, the Group has not transferred the significant risks and rewards relating to these receivables, including the default risk of discounting and endorsing bills. The Group therefore continues to recognise the transferred the discounted and endorsed bills in their entirety and related liabilities.

As at 31 December 2022, 2023, 2024 and 31 October 2025, bills receivable discounted to banks with full recourse and bills receivable endorsed to suppliers with full recourse were as below:

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivable discounted to banks with full recourse	2,071	13,877	101,382	60,000
Bills receivable endorsed to suppliers with full recourse	118,385	119,773	131,381	142,397
	120,456	133,650	232,763	202,397

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivable discounted to banks with full recourse	–	–	–	–
Bills receivable endorsed to suppliers with full recourse	10,500	22,472	917	8,456
	10,500	22,472	917	8,456

(c) The movements in the allowance for impairment of trade and bills receivables are set out below:

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	39,449	72,829	115,943	118,324
Impairment losses (reversal of impairment losses) recognised	33,380	43,114	1,363	(7,720)
Acquisitions of subsidiaries	–	–	1,018	15
Disposal of a subsidiary	–	–	–	(2,891)
At the end of the year/period	72,829	115,943	118,324	107,728

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	16,602	30,476	53,442	53,687
Impairment losses (reversal of impairment losses) recognised	13,874	22,966	245	(10,448)
At the end of the year/period	30,476	53,442	53,687	43,239

(d) As at 31 December 2022, 2023, 2024 and 31 October 2025, except for those discounted and endorsed bills receivables as disclosed in note 26(b), bills receivables of the Group amounting to approximately RMB75,172,000 RMB153,689,000, RMB71,593,000 and RMB69,097,000, respectively, were pledged to secure bank and other borrowings granted to the Group.

As at 31 December 2022, 2023, 2024 and 31 October 2025, except for those endorsed bills receivables as disclosed in note 26(b), bills receivables of the Company amounting to approximately RMB Nil, RMB144,302,000, RMB71,593,000 and RMB69,097,000, respectively, were pledged to secure bank and other borrowings granted to the Company.

27. BILLS RECEIVABLES AT FVTOCI

As part of the Group's and the Company's cash flow management, a substantial part of the trade receivables are settled by bills received from customers and the Group and the Company have the practice of endorsing substantial part of the bills to suppliers or discounting the bills to banks before the bills are due for payment and derecognises the bills endorsed or discounted on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties. Accordingly, such bills receivables were considered as within the business model to hold to collect contractual cash flows and to sell business model, and classified as bills receivables at FVTOCI. For the details of fair value measurement of the bills receivables at FVTOCI, please refer to note 41(c).

28. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayment on construction and acquisition of property, plant and equipment	63,151	50,928	100,477	121,021
Current				
Prepayments to suppliers	1,499,365	677,908	687,731	746,965
Deposits	18,140	10,596	9,871	10,299
Staff advances	1,318	1,438	1,314	1,384
Prepaid taxes	30	70	3,103	2,106
Value-added tax credit refund	41,242	100,268	81,865	92,170
Deferred [**REDACTED**] fees	–	–	–	[**REDACTED**]
Other receivables	88,838	106,937	59,848	46,988
Others	2,446	4,135	4,108	1,845
Less: Expected credit losses	(11,302)	(13,142)	(50,167)	(48,158)
	1,640,077	888,210	797,673	864,316
	1,703,228	939,138	898,150	985,337

The movements in the loss allowance for expected credit losses of other receivables and other assets are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	7,115	11,302	13,142	50,167
Impairment losses recognised	8,054	1,907	1,641	2,225
Acquisitions of subsidiaries	–	–	43,128	–
Amounts written off as uncollectible	(287)	(5)	(1,671)	(2)
Impairment losses reversed	(3,580)	(62)	(6,073)	(4,232)
At the end of the year/period	11,302	13,142	50,167	48,158

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayment on construction and equipment	8,066	39,567	31,801	34,853
Current				
Prepayments to suppliers	68,624	63,549	133,615	62,792
Deposits	2,735	3,108	2,483	1,829
Staff advances	455	498	382,915	592
Value-added tax credit refund	31	–	13,691	–
Amounts due from related parties *(note)*	183,075	127,076	11,875	675,960
Deferred [**REDACTED**] fees	–	–	–	[**REDACTED**]
Others	382	372	372	15,166
Less: Expected credit losses	(995)	(1,286)	(1,218)	(1,054)
	254,307	193,317	543,733	766,002
	262,373	232,884	575,534	800,855

Note: The balances mainly represented interest-free loans granted to the subsidiaries, which were unsecured, repayable on demand

The movements in the loss allowance for expected credit losses of other receivables and deposits are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	945	995	1,286	1,218
Impairment losses recognised	405	291	–	486
Amounts written off as uncollectible	(287)	–	(68)	–
Impairment losses reversed	(68)	–	–	(650)
At the end of the year/period	995	1,286	1,218	1,054

29. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Listed investments	1,247	1,156	2,471	–
Wealth management plans	–	30,000	–	–
	1,247	31,156	2,471	–

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Listed investments	1,247	1,156	2,471	–
Listed debt instruments *(note)*	–	113,697	109,751	118,667
	1,247	114,853	112,222	118,667

Note: The amount represented the investment in the convertible bonds issued by the Group's subsidiary.

30. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	1,985,962	3,006,807	3,024,967	3,118,320
Less: Pledged deposits	(687,928)	(1,262,016)	(1,010,203)	(957,866)
Cash and cash equivalents	1,298,034	1,744,791	2,014,764	2,160,454
Denominated in RMB	1,972,037	2,988,330	2,982,354	3,027,421
Denominated in HKD	–	–	3,260	3,433
Denominated in United States dollars ("USD")	13,925	18,477	39,172	87,466
Denominated in Euro ("EUR")	–*	–*	181	–
	1,985,962	3,006,807	3,024,967	3,118,320

* The amount was less than RMB1,000.

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	1,363,379	1,428,139	1,757,941	1,729,101
Less: Pledged deposits	(543,754)	(674,116)	(678,949)	(662,455)
Cash and cash equivalents	819,625	754,023	1,078,992	1,066,646
Denominated in RMB	1,363,379	1,427,748	1,755,538	1,717,636
Denominated in USD	–	391	2,403	11,465
	1,363,379	1,428,139	1,757,941	1,729,101

Pledged bank deposits represents deposits pledged to banks to secure the issue of bills payable and are therefore classified as current assets.

The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2022, 2023 and 2024 and 31 October 2025, the internal credit rating of pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the pledged deposits and cash and cash equivalents and considered its credit risks have not increased significantly since initial recognition. The Group has measured the impairment based on the 12-month ECL, and has assessed that the expected credit losses are immaterial.

31. TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	739,299	673,141	624,700	473,226
Bills payables	2,300,213	3,349,027	3,490,639	3,697,756
Other deposits	3,842	3,478	1,770	1,162
Interest payables	4,187	6,250	5,561	14,832
Construction payables	99,016	81,103	216,902	193,089
Other taxes payables	49,640	48,695	168,636	151,736
Payroll and welfare payables	37,144	45,467	69,690	63,980
Endorsed bills receivables to suppliers	118,385	119,773	131,381	142,397
Other payables	22,344	21,362	46,223	90,759
	3,374,070	4,348,296	4,755,502	4,828,937

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	374,727	384,667	289,101	173,837
Bills payables	2,084,744	2,331,259	2,815,318	2,949,148
Interest payables	3,166	4,689	3,504	10,842
Construction payables	29,370	17,641	18,791	13,943
Amounts due to related parties *(note)*	–	82,365	62,110	–
Other taxes payables	9,915	20,174	10,773	5,691
Payroll and welfare payables	11,778	13,659	15,033	11,353
Endorsed bills receivables to suppliers	10,500	22,472	917	8,456
Other payables	2,451	11,297	20,212	117,990
	2,526,651	2,888,223	3,235,759	3,291,260

Note: The balances mainly represented interest-free loans granted by the subsidiaries, which were repayable on demand

The trade and bills payables of the Group and the Company are non-interest-bearing and are normally settled ranged from 30 days to 180 days. The fair value of trade and bills payables approximates to their carrying amount.

The following is an aged analysis of trade and bills payables presented based on the date of service provided and date of goods acceptance at the end of the reporting period.

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	3,004,101	4,001,289	4,087,449	4,145,085
Over 1 years	35,411	20,879	27,890	25,897
	3,039,512	4,022,168	4,115,339	4,170,982

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	2,450,813	2,712,311	3,098,580	3,119,524
Over 1 years	8,658	3,615	5,839	3,461
	2,459,471	2,715,926	3,104,419	3,122,985

32. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chemical products	106,285	92,456	71,733	58,961
Health products	14,286	7,016	9,917	8,077
	120,571	99,472	81,650	67,038

Contract liabilities include unsatisfied performance obligation for pre-sale of chemical products and health products.

As at 31 December 2022, 2023, 2024 and 31 October 2025, contract liabilities of RMB120,571,000, RMB99,472,000, RMB81,650,000 and RMB67,038,000 are expected to be released to profit or loss within twelve months from the end of each reporting period.

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chemical products	7,379	74,825	151,011	194,043

Contract liabilities include unsatisfied performance obligation for pre-sale of chemical products.

As at 31 December 2022, 2023, 2024 and 31 October 2025, contract liabilities of RMB7,379,000, RMB74,825,000, RMB151,011,000 and RMB194,043,000 are expected to be released to profit or loss within twelve months from the end of each reporting period.

33. BANK AND OTHER BORROWINGS

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discounted bills receivables *(note 26(b))*	2,071	13,877	101,382	60,000
Bank and other borrowings	3,120,750	3,702,619	5,743,466	6,261,392
Total	3,122,821	3,716,496	5,844,848	6,321,392
– Amounts shown under current liabilities	1,725,921	1,895,339	2,217,366	2,852,517
– Amounts shown under non-current liabilities	1,396,900	1,821,157	3,627,482	3,468,875

(a) The effective interest rates and maturities of the bank and other borrowings (excluding discounted bills receivables) are as follows:

	As at 31 December 2022		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans-secured	3.40%-3.80%	2023	249,600
Bank loans-guaranteed	3.40%-4.50%	2023	1,249,000
Bank loans-secured and guaranteed	4.45%-4.95%	2023	105,250
Bank loans-unsecured	3.50%-3.90%	2023	120,000
Total current			1,723,850
Non-current			
Bank loans-secured	3.20%-3.40%	2024-2029	206,050
Bank loans-guaranteed	3.50%-4.50%	2024-2027	342,400
Bank loans-secured and guaranteed	3.70%-4.95%	2025-2029	848,450
Total non-current			1,396,900
Total			3,120,750

	As at 31 December 2023		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans-secured	3.15%-3.20%	2024	180,000
Bank loans-guaranteed	3.00%-4.30%	2024	1,498,400
Bank loans-secured and guaranteed	3.95%	2024	83,712
Bank loans-unsecured	3.45%-3.72%	2024	23,000
Other borrowings-guaranteed	4.40%	2024	96,350
Total current			1,881,462
Non-current			
Bank loans-secured	3.10%-3.15%	2025-2029	224,767
Bank loans-guaranteed	3.00%-4.30%	2025-2027	859,890
Bank loans-secured and guaranteed	3.70%-4.35%	2026-2029	736,500
Total non-current			1,821,157
Total			3,702,619

	As at 31 October 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans-secured	2.50%-3.15%	2025	206,717
Bank loans-guaranteed	2.50%-3.95%	2025	1,757,294
Bank loans-secured and guaranteed	3.25%-3.60%	2025	57,860
Bank loans-unsecured	3.20%	2025	20,000
Other borrowings-unsecured	1.05%	2025	74,113
Total current			2,115,984

	As at 31 October 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Non-current			
Bank loans-secured	2.50%-3.05%	2026-2029	206,050
Bank loans-guaranteed	2.50%-3.95%	2026-2027	1,647,283
Bank loans-secured and guaranteed	3.25%-3.60%	2028-2033	712,140
Other borrowings-secured and guaranteed	2.52%	2029-2033	799,554
Other borrowings-unsecured	1.05%	2026-2029	262,455
Total non-current			3,627,482
Total			5,743,466

	As at 31 October 2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans-secured	2.70%	2025-2026	180,000
Bank loans-guaranteed	2.40%-3.60%	2025-2026	802,584
Bank loans-secured and guaranteed	2.60%-3.15%	2025-2026	108,811
Bank loans-unsecured	1.95%-3.30%	2025-2026	1,575,284
Other borrowings-unsecured	1.05%	2025-2026	125,838
Total current			2,792,517
Non-current			
Bank loans-guaranteed	2.40%-3.60%	2027-2028	264,090
Bank loans-secured and guaranteed	2.60%-3.15%	2028-2033	825,189
Bank loans-unsecured	1.95%-3.30%	2026-2030	1,371,266
Other borrowings-secured and guaranteed	2.45%	2029-2033	797,601
Other borrowings-unsecured	1.05%	2026-2029	210,729
Total non-current			3,468,875
Total			6,261,392

(b) Maturing profile of bank and other borrowings (excluding discounted bill receivables) (based on scheduled repayment dates set out in the loan agreements) is as follows:

	As at 31 December			As at 31 October
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year and on demand	1,723,850	1,881,462	2,115,984	2,792,517
Within a period of more than one year but not more than two years	416,600	447,017	1,343,404	976,539
Within a period of more than two years but not more than five years	485,250	1,235,090	1,448,692	1,876,679
Within a period of more than five years	495,050	139,050	835,386	615,657
	3,120,750	3,702,619	5,743,466	6,261,392

(c) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank and other borrowings (excluding discounted bill receivables) are as follows:

	As at 31 December 2022		As at 31 December 2023		As at 31 December 2024		As at 31 October 2025	
	Effect interest rate (%)	*RMB'000*	*Effect interest rate (%)*	*RMB'000*	*Effect interest rate (%)*	*RMB'000*	*Effect interest rate (%)*	*RMB'000*
Floating rate	3.20%-4.50%	1,819,450	3.00%-4.35%	2,070,269	2.50%-3.95%	3,713,511	2.45%-3.60%	3,733,391
Fixed rate	3.50%-4.95%	1,301,300	3.30%-4.40%	1,632,350	1.05%-3.60%	2,029,955	1.05%-3.35%	2,528,001
		3,120,750		3,702,619		5,743,466		6,261,392

(d) The Group's bank and other borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
HKD	–	–	53,000	–

(e) Secured bank and other borrowings of the Group are secured by the Group's property, plant and equipment, right-of-use assets and trade and bills receivables, which were set out in notes 15, 16 and 26, respectively.

In addition, the Company's controlling shareholders, Mr. Wang Aiguo, Mrs. Xu Bo and Xinghao Investment have provided guarantees for the Group's bank facilities at aggregate amounts of RMB7,294,084,000, RMB10,903,725,000, RMB11,929,476,000 and RMB Nil as at 31 December 2022, 2023, 2024 and 31 October 2025, respectively.

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings	2,358,400	2,792,862	3,324,429	3,402,394
– Amounts shown under current liabilities	1,573,500	1,570,462	1,543,804	1,883,928
– Amounts shown under non-current liabilities	784,900	1,222,400	1,780,625	1,518,466

(a) The effective interest rates and maturities of the bank and other borrowings (excluding discounted bills receivables) are as follows:

	As at 31 December 2022		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans-secured	3.40%-3.80%	2023	240,000
Bank loans-guaranteed	3.40%-4.50%	2023	1,149,000
Bank loans-secured and guaranteed	4.45%	2023	64,500
Bank loans-unsecured	3.50%-3.90%	2023	120,000
Total current			1,573,500

	As at 31 December 2022		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Non-current			
Bank loans-secured	3.40%	2024	160,000
Bank loans-guaranteed	3.50%-4.50%	2024-2025	302,400
Bank loans-secured and guaranteed	4.45%	2026	322,500
Total non-current			784,900
Total			2,358,400

	As at 31 December 2023		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans-secured	3.15%-3.20%	2024	180,000
Bank loans-guaranteed	3.00%-4.30%	2024	1,190,400
Bank loans-secured and guaranteed	3.95%	2024	83,712
Bank loans-unsecured	3.72%	2024	20,000
Other borrowings-guaranteed	4.40%	2024	96,350
Total current			1,570,462
Non-current			
Bank loans-secured	3.15%	2025	180,000
Bank loans-guaranteed	3.00%-4.30%	2025-2026	805,900
Bank loans-secured and guaranteed	3.95%	2026	236,500
Total non-current			1,222,400
Total			2,792,862

	As at 31 December 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans-secured	3.05%-3.15%	2025	200,000
Bank loans-guaranteed	2.50%-3.50%	2025	1,283,804
Bank loans-secured and guaranteed	3.25%	2025	40,000
Bank loans-unsecured	3.20%	2025	20,000
Total current			1,543,804
Non-current			
Bank loans-secured	3.05%	2026	170,000
Bank loans-guaranteed	2.50%-3.50%	2026-2027	1,380,625
Bank loans-secured and guaranteed	3.25%	2028	230,000
Total non-current			1,780,625
Total			3,324,429

	As at 31 October 2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans-secured	2.70%	2025-2026	180,000
Bank loans-guaranteed	2.65%	2025-2026	93,184
Bank loans-secured and guaranteed	3.15%	2025-2026	40,000
Bank loans-unsecured	2.21%-3.00%	2025-2026	1,570,744
Total current			1,883,928
Non-current			
Bank loans-secured and guaranteed	3.15%	2026-2028	190,000
Bank loans-unsecured	2.50%-3.30%	2026-2028	1,328,466
Total non-current			1,518,466
Total			3,402,394

(b) Maturing profile of bank and other borrowings (excluding discounted bills receivables) (based on scheduled repayment dates set out in the loan agreements) is as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year and on demand	1,573,500	1,570,462	1,543,804	1,883,928
Within a period of more than one year but not more than two years	333,400	390,300	1,069,152	631,384
Within a period of more than two years but not more than five years	451,500	832,100	711,473	887,082
	2,358,400	2,792,862	3,324,429	3,402,394

(c) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Company's bank and other borrowings (excluding discounted bills receivables) are as follows:

	As at 31 December 2022		As at 31 December 2023		As at 31 December 2024		As at 31 October 2025	
	Effective interest rate (%)	*RMB'000*	*Effective interest rate (%)*	*RMB'000*	*Effective interest rate (%)*	*RMB'000*	*Effective interest rate (%)*	*RMB'000*
Floating rate	3.40%-4.50%	1,733,400	3.00%-3.95%	1,453,512	2.65%-3.50%	1,927,200	2.45%-3.15%	2,022,300
Fixed rate	3.50%-4.20%	625,000	3.40%-4.40%	1,339,350	2.50%-3.50%	1,397,229	2.21%-2.30%	1,380,094
		2,358,400		2,792,862		3,324,429		3,402,394

(d) The Company's bank and other borrowings that are denominated in currencies other than its functional currency are set out below:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
HKD	–	–	53,000	–

(e) Secured bank and other borrowings of the Company are secured by the Company's property, plant and equipment, right-of-use assets and bills receivables, which were set out in notes 15, 16 and 26, respectively.

In addition, the Company's controlling shareholders, Mr. Wang Aiguo、Mrs. Xu Bo and Xinghao Investment have provided guarantees for the Company's bank facilities at aggregate amounts of RMB6,831,084,000, RMB9,540,725,000, RMB10,959,476,000 and RMB Nil as at 31 December 2022, 2023, 2024 and 31 October 2025, respectively.

34. CONVERTIBLE BONDS

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible bonds	–	327,018	340,635	351,829

On 31 July 2023, the subsidiary of the Group issued convertible bonds ("CBs") bearing interest ranged from 0.3% to 2.5% per annum, which were due on 30 July 2029 with an aggregate principal amount of RMB455,000,000. The Company purchased 21.18% of the issued CBs and CBs held by the Company is classified as financial assets at FVTPL in the financial statement of the Company. The CBs were denominated in RMB and entitle the holders to convert them into ordinary shares of the Dongbao Bio-Tech at any time on or after 5 February 2024 to the maturity date if such bonds shall have been called for redemption by the holders before maturity date. Unless previously redeemed, converted, purchased and cancelled, all convertible bonds outstanding on maturity date shall be repaid by the Group at its principal amount outstanding on maturity date plus accrued interest.

At the issue date, the CBs were bifurcated into liability and equity components. The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity (non-controlling interests).

Movements and reconciliation of the liability component of convertible bonds during the Track Record Period are set out below:

	Date of issue (31 July 2023) to 31 December 2023	Year ended 31 December 2024	Ten months ended 31 October 2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount as at 1 January	–	327,018	340,635
Issued during the period/year	320,730	–	–
Converted into shares of the Dongbao Bio-Tech	–	(25)	(6)
Interest expenses	6,288	13,642	11,200
Carrying amount as at 31 December	327,018	340,635	351,829

35. LEASE LIABILITIES

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	14,669	10,806	20,711	20,913
Within a period of more than one year but not more than two years	9,984	6,777	17,900	9,440
Within a period of more than two years but not more than three years	6,209	5,501	6,634	1,995
Within a period of more than three years	5,781	2,522	405	3,583
Total	36,643	25,606	45,650	35,931
Less: Amount due for settlement with 12 months shown under current liabilities	(14,669)	(10,806)	(20,711)	(20,913)
Amount due for settlement after 12 months shown under non-current liabilities	21,974	14,800	24,939	15,018

The weighted average incremental borrowing rates applied to lease liabilities as at 31 December 2022, 2023 and 2024 and 31 October 2025 range from 3.23% to 5.79% per annum, 3.15% to 5.56% per annum, 3.09% to 5.43% per annum and 3.00% to 4.20% per annum, respectively.

36. DEFERRED INCOME

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	54,803	59,721	61,887	67,724

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	30,083	26,476	22,487	19,162

37. SHARE CAPITAL

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
A shares of RMB1.00 each	271,250	271,250	271,250	271,250

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All ordinary shares rank equally with regard to the Company's residual net assets.

38. TREASURY SHARE

During the year ended 31 December 2024, the Company purchased 6,250,000 of its shares on the Shenzhen Stock Exchange at a total consideration of RMB130,291,000. As at 31 December 2024 and 31 October 2025, the Group holds 6,250,000 purchased shares which are classified as treasury shares held for the share issue upon exercise of share options under the Company's share option scheme when there is share option scheme being adopted in the future.

39. RESERVES

The amounts of the Group's reserves and the movements therein during the Track Record Period are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received on share issue.

(b) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries established in the PRC, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(c) Safety fund surplus reserve

Pursuant to a notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in November 2022, the Group is required to establish a safety fund surplus reserve based on volume of mineral ore extracted. The safety fund surplus reserve can only be transferred to retained profits to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

(d) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(e) Capital reserve

Capital reserve mainly represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries, or the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to non-controlling shareholders without loss of control. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

	Share premium	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	947,388	135,625	2,252,890	3,335,903
Total comprehensive income for the year	–	–	550,396	550,396
Dividend recognised as distribution	–	–	(67,813)	(67,813)
At 31 December 2022 and 1 January 2023	947,388	135,625	2,735,473	3,818,486
Total comprehensive income for the year	–	–	427,872	427,872
Dividend recognised as distribution	–	–	(67,813)	(67,813)
At 31 December 2023 and 1 January 2024	947,388	135,625	3,095,532	4,178,545
Total comprehensive income for the year	–	–	527,252	527,252
Dividend recognised as distribution	–	–	(48,346)	(48,346)
At 31 December 2024 and 1 January 2025	947,388	135,625	3,574,438	4,657,451
Total comprehensive income for the period	–	–	611,471	611,471
Dividend recognised as distribution	–	–	(74,200)	(74,200)
At 31 October 2025	947,388	135,625	4,111,709	5,194,722

40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes bank and other borrowings disclosed in note 33, convertible bonds disclosed in note 34, net of cash and cash equivalents and pledged bank deposits, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost	4,254,090	6,181,779	6,504,511	6,667,374
Bills receivables at FVTOCI	207,275	221,913	356,224	481,612
Equity instruments designated at FVTOCI	5,621	5,621	35,196	35,196
Financial assets at FVTPL	1,247	31,156	2,471	–
Financial liabilities				
At amortised cost	6,447,251	8,016,097	10,431,714	10,998,593
Convertible bonds	–	327,018	340,635	351,829

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost	4,125,323	4,640,837	5,300,174	5,252,688
Bills receivables at FVTOCI	133,131	165,916	262,916	316,770
Financial assets at FVTPL	1,247	114,853	112,222	118,667
Financial liabilities				
At amortised cost	4,875,136	5,660,911	6,549,415	6,687,963

(b) Financial risk management objectives and policies

The Group's major financial instruments include bills receivables at FVTOCI, equity instruments designated at FVTOCI, financial assets at FVTPL, trade and bills receivables, other receivables and deposits, pledged bank deposits, bank balances and cash, trade and other payables, bank and other borrowings, and convertible bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, pledged bank deposits and bank balances.

The Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank and other borrowings, interest-bearing portion of convertible bonds. The Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank borrowings at the end of the reporting period. The pledged bank deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50, 50, 50, 50 and 50 basis points increase or decrease is used for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively, when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

The Group

If interest rates had been 50, 50, 50, 50 and 50 basis points higher/lower with all other variables were held constant for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively, the Group's post-tax profit for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025 would decrease/increase by RMB6,823,000, RMB7,764,000, RMB13,926,000, RMB14,000,000 and RMB9,162,000 respectively.

The Company

If interest rates had been 50, 50, 50, 50 and 50 basis points higher/lower with all other variables were held constant for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively, the Group's post-tax profit for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025 would decrease/increase by RMB6,500,000, RMB5,451,000, RMB7,227,000, RMB7,584,000 and RMB6,441,000 respectively.

(ii) Foreign currency risk

The Group's transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currencies other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in HKD, EUR and USD. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's foreign currency denominated monetary assets and monetary liabilities include trade receivables, bank balances, trade and other payables and bank and other borrowings at the end of respective reporting period and the carrying amounts are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
HKD	–	–	3,260	3,433
USD	46,584	75,097	126,735	142,301
EUR	–	–	181	–
Liabilities				
HKD	–	–	53,000	1,983
USD	11,146	32,237	77,775	20,381
EUR	–	–	–	243

The Company's foreign currency denominated monetary assets and monetary liabilities include bank balances and bank and other borrowings at the end of respective reporting period and the carrying amounts are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
USD	–	391	2,403	19,207
Liabilities				
HKD	–	–	53,000	–
USD	–	–	–	11,834

Sensitivity analysis

The Group

The following table details the Group's sensitivity to a 5%, 5%, 5%, 5% and 5% increase and decrease in RMB against the relevant foreign currencies including intra-group balances for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively. The sensitivity rates used represent management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates a decrease in post-tax profit (an increase in post-tax profit) where RMB strengthens 5%, 5%, 5%, 5% and 5% against the relevant foreign currency for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively. For a 5%, 5%, 5%, 5% and 5% weakening of RMB against the relevant foreign currency for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025 respectively, there would be an equal and opposite impact on the post-tax profit.

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit for the year/period					
HKD	–	–	(1,865)	70	54
USD	1,329	1,607	1,836	3,076	4,572
EUR	–	–	7	–	(9)

The Company

The following table details the Company's sensitivity to a 5%, 5%, 5%, 5% and 5% increase and decrease in RMB against the relevant foreign currencies including intra-group balances for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively. The sensitivity rates used represent management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates a decrease in post-tax profit (an increase in post-tax profit) where RMB strengthens 5%, 5%, 5%, 5% and 5% against the relevant foreign currency for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively. For a 5%, 5%, 5%, 5% and 5% weakening of RMB against the relevant foreign currency for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively, there would be an equal and opposite impact on the post-tax profit.

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit for the year/period					
HKD	–	–	(1,988)	–	–
USD	–	15	90	(639)	276

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instruments measured at FVTOCI and financial assets at FVTPL. The Group invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI. In addition, the Group invested in certain listed investments which were classified as financial assets at FVTPL. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Credit risk and impairment assessment

In order to minimise the credit risk of trade and bills receivables, and bills receivables at FVTOCI, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix. For trade and bills receivables, and bills receivables at FVTOCI, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The Group has provided the lifetime ECL for trade and bills receivables amounting to RMB33,380,000, RMB43,114,000, RMB1,363,000 and RMB453,000, and recognised a reversal of ECL (life-time not credit-impaired) amounting to RMB7,720,000 for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively, based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort. The loss rates ranging from 1% to 88%, 1% to 67%, 1% to 61%, 1% to 62% and 1% to 75% are applied for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively, to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The credit risk of other receivables and deposits are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group performs impairment assessment under ECL model in accordance with IFRS 9 on these outstanding balances.

For other receivables and deposits, the Group measures the loss allowance at 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in likelihood or risk of a default occurring since initial recognition. Certain other receivables and deposits had significant increase in credit risk since initial recognition. The balances are monitored on an ongoing basis and the Group's exposure to credit risk is not significant since the Group only trades with creditworthy third parties, and the Group does not require any collateral from other debtors.

Where applicable, an impairment analysis on other receivables and deposits is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate ranging from 0% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Group has provided ECL for other receivables amounting to RMB4,474,000 and RMB1,845,000, recognised a reversal of ECL amounting to RMB4,432,000, provided ECL amounting to RMB644,000, and recognised a reversal of ECL amounting to RMB2,007,000 for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025.

There has been no significant changes to estimation techniques or assumptions made during the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025.

The concentration of credit risk in respect of trade receivables is minimal, as the Group has a large number of customers. The management of the Company continue to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group's operations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities and lease liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The Group

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022						
Trade and other payables	3,324,430	–	–	–	3,324,430	3,324,430
Bank and other borrowings	1,822,961	467,351	557,335	508,154	3,355,801	3,122,821
	5,147,391	467,351	557,335	508,154	6,680,231	6,447,251
Lease liabilities	16,720	10,564	12,369	–	39,653	36,643

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023						
Trade and other payables	4,299,601	–	–	–	4,299,601	4,299,601
Bank and other borrowings	1,996,881	515,059	1,307,209	140,405	3,959,554	3,716,496
Convertible bonds	1,378	2,550	18,407	401,453	423,788	327,018
	6,297,860	517,609	1,325,616	541,858	8,682,943	8,343,115
Lease liabilities	11,682	7,299	7,121	1,418	27,520	25,606

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024						
Trade and other payables	4,586,866	–	–	–	4,586,866	4,586,866
Bank and other borrowings	2,265,772	1,428,840	1,572,666	892,084	6,159,362	5,844,848
Convertible bonds	2,550	4,343	415,517	–	422,410	340,635
	6,855,188	1,433,183	1,988,183	892,084	11,168,638	10,772,349
Lease liabilities	22,264	18,122	7,731	–	48,117	45,650

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 October 2025						
Trade and other payables	4,677,201	–	–	–	4,677,201	4,677,201
Bank and other borrowings	2,935,872	1,056,432	1,992,202	648,243	6,632,749	6,321,392
Convertible bonds	4,343	8,144	407,373	–	419,860	351,829
	7,617,416	1,064,576	2,399,575	648,243	11,729,810	11,350,422
Lease liabilities	21,884	9,932	5,830	–	37,646	35,931

The Company

	On demand or within 1 year	1-2 years	2-5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022					
Trade and other payables	2,516,736	–	–	2,516,736	2,516,736
Bank and other borrowings	1,641,745	359,914	473,518	2,475,177	2,358,400
	4,158,481	359,914	473,518	4,991,913	4,875,136
Lease liabilities	14,036	4,429	3,635	22,100	20,652

	On demand or within 1 year	1-2 years	2-5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023					
Trade and other payables	2,868,049	–	–	2,868,049	2,868,049
Bank and other borrowings	1,655,794	435,329	855,228	2,946,351	2,792,862
	4,523,843	435,329	855,228	5,814,400	5,660,911
Lease liabilities	4,681	2,192	1,443	8,316	7,934

	On demand or within 1 year	1-2 years	2-5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024					
Trade and other payables	3,224,986	–	–	3,224,986	3,224,986
Bank and other borrowings	1,632,508	1,109,464	731,807	3,473,779	3,324,429
	4,857,494	1,109,464	731,807	6,698,765	6,549,415
Lease liabilities	3,197	196	–	3,393	3,311

	On demand or within 1 year	1-2 years	2-5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 October 2025					
Trade and other payables	3,285,569	–	–	3,285,569	3,285,569
Bank and other borrowings	1,964,680	665,812	906,557	3,537,049	3,402,394
	5,250,249	665,812	906,557	6,822,618	6,687,963
Lease liabilities	2,613	1,960	5,717	10,290	9,544

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurement of financial instruments

The Group

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instruments	Fair value				Fair value hierarchy	Valuation techniques and key inputs
	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 31 October 2025		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Bills receivables at FVTOCI	207,275	221,913	356,224	481,612	Level 2	Fair values are estimated based on the present value of the contracted cash inflow at the discount rate that reflects the market credit risk
Equity instruments designated at FVTOCI – unlisted investments	5,621	5,621	35,196	35,196	Level 3	Market approach considers comparable company enterprise value and discount for lack of marketability.

Financial instruments	Fair value				Fair value hierarchy	Valuation techniques and key inputs
	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 31 October 2025		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Financial assets at FVTPL – Wealth management plans	–	30,000	–	–	Level 2	The fair value of wealth management plans was determined with reference to the fair value of underlying investments of the plans which are provided by the counterparty financial institutions
Financial assets at FVTPL – listed investments	1,247	1,156	2,471	–	Level 1	Quoted price of listed investments based on Shanghai Stock Exchange at the end of the reporting period (or the nearest day of trading)

The following table presents the reconciliation of Level 3 measurements of financial assets throughout the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2025:

	Equity instruments designated at FVTOCI – unlisted investments
	RMB'000
At 1 January 2022 and 31 December 2022 and 31 December 2023	5,621
Acquisitions of subsidiaries *(note 42)*	29,575
At 31 December 2024 and 31 October 2025	35,196

Except for bills receivables at FVTOCI, equity instruments designated at FVTOCI and financial assets at FVTPL, the management of the Group considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values at the end of each reporting period.

The fair values of financial assets and financial liabilities (other than bills receivables at FVTOCI, equity instruments designated at FVTOCI, and financial assets at FVTPL) of the Group is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value measurement hierarchy of the equity instruments designated at FVTOCI requires significant unobservable inputs (Level 3). The significant unobservable input used in the fair value measurement is the discount rate. As at 31 December 2022, 2023, 2024 and 31 October 2025, it's estimated that with all other variables held constant, a decrease/(an increase) in the estimated discount rate by 1% would result in an increase /(a decrease) in the fair value of the equity instruments designated at FVTOCI by RMB501,123 (RMB490,764), RMB503,231 (RMB501,487), RMB3,495,112 (RMB3,394,712) and RMB3,398,173 (RMB3,276,784), respectively.

The Company

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value					
Financial instruments	**As at 31 December 2022**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 October 2025**	**Fair value hierarchy**	**Valuation techniques and key inputs**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Bills receivables at FVTOCI . . .	133,131	165,916	262,916	316,770	Level 2	Fair values are estimated based on the present value of the contracted cash inflow at the discount rate that reflects the market credit risk
Financial assets at FVTPL – listed investments .	1,247	1,156	2,471	–	Level 1	Quoted price of listed investments based on Shanghai Stock Exchanges at the end of the reporting period (or the nearest day of trading)
Financial assets at FVTPL . . – listed debt instruments .	–	113,697	109,751	118,667	Level 1	Quoted price of listed investments based on Shanghai Stock Exchanges at the end of the reporting period (or the nearest day of trading)

Except for bills receivables at FVTOCI and financial assets at FVTPL, the management of the Company considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values at the end of each reporting period.

The fair values of financial assets and financial liabilities (other than bills receivables at FVTOCI and financial assets at FVTPL) of the Company are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

42. ACQUISITIONS OF SUBSIDIARIES

For the years ended 31 December 2022 and 2023

There was no acquisition of subsidiaries during the years ended 31 December 2022 and 2023.

For the year ended 31 December 2024

During the year ended 31 December 2024, the Group acquired following subsidiaries at a total consideration of approximately RMB361,816,000. These transactions have been accounted for as business combinations using acquisition accounting. Upon completion of the acquisitions, following companies became indirect subsidiaries of the Company. The principal activities of acquired subsidiaries are engaged in the production of polystyrene and production and sales of ethylene tar.

Details of acquisitions of subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ registration	Acquisition completed in	Equity interest acquired	Total consideration
				RMB'000
Hong Kong Petrochemical Company Limited (香港石油化學有限公司)	Hong Kong	July 2024	99.998%	121,680
Gon Chemical (Dongming) Co., Ltd (formerly known as "Citic Guoan Chemical Co., Ltd") (國恩化學(東明)有限公司)	PRC	November 2024	67%	240,000
Gon Polymers GmbH	Germany	August 2024	70%	136
				361,816

Acquisition-related costs were insignificant and have been recognised as an expense for the year ended 31 December 2024 and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Aggregate fair values of assets acquired and liabilities recognised at the dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment *(note 15)*	1,988,878
Right-of-use assets *(note 16)*	217,524
Intangible assets *(note 19)*	194
Equity instruments at FVTOCI	29,575
Deferred tax assets	2,362
Inventories	26,010
Trade and bills receivables	52,409
Other receivables, deposits and prepayments	62,069
Bank balances and cash	3,433
Trade and other payables	(448,371)
Contract liabilities	(72)
Bank and other borrowings	(1,136,523)
Lease liabilities	(14,316)
Deferred tax liabilities	(66,404)
	716,768
Less: non-controlling interests of acquired subsidiaries	(186,722)
Fair value of net identifiable assets	530,046

The fair value of trade and other receivables at the date of acquisition amounted to RMB114,478,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB158,624,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows expected to be collected is RMB114,478,000.

	RMB'000
Cash consideration paid	361,816
Plus: non-controlling interest	186,722
Less: fair values of net assets acquired	(716,768)
Gain on bargain purchase arising on acquisitions of subsidiaries	(168,230)

Bargain purchase gains amounting to RMB168,230,000 on acquisition of Hong Kong Petrochemical Company Limited and Gon Chemical (Dongming) Co., Ltd, after reassessment, are recognised in profit or loss within the other income, gains and losses, net line item in the consolidated statement of profit or loss and other comprehensive income. The former shareholder of acquired companies had fallen into financial difficulties due to poor management, intensified market competition and heavy debt pressure and the acquired companies are in the status of bankruptcy liquidation or reorganization, accordingly the acquired companies were sold at a lower price, resulting in gain on bargain purchase arising on acquisitions of subsidiaries.

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of above acquired subsidiaries and amounted to RMB186,722,000.

	RMB'000
Net cash outflow arising on acquisition:	
Consideration paid in cash	361,816
Bank balances and cash acquired	(3,433)
	358,383

Included in the profit for the year ended 31 December 2024 was a loss of RMB23,897,000 attributable to the additional business generated by the acquired subsidiaries. Revenue for the year ended 31 December 2024 includes RMB31,023,000 generated from the acquired subsidiaries.

Had the acquisition been completed on 1 January 2024, the Group's revenue for the year ended 31 December 2024 would have been RMB19,353,394,000, and profit for the year ended 31 December 2024 would have been RMB675,432,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

For the ten months ended 31 October 2025

During the ten months ended 31 October 2025, the Group acquired following subsidiary at a total consideration of approximately RMB Nil. This transaction has been accounted for as business combination using acquisition accounting. Upon completion of the acquisition, the following company became indirect subsidiary of the Company. The principal activities of acquired subsidiary are engaged in the research, development, production, and sales of plastic raw materials and products.

Details of acquisition of subsidiary are as follows:

Name of subsidiary	Place of incorporation/ registration	Acquisition completed in	Equity interest acquired	Total consideration
				RMB'000
Huai'an Xinsheng New Materials Technology Co., Ltd. (淮安信盛新材料科技有限公司)	PRC	Apr 2025	72%	–
				–

Aggregate fair values of assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment *(note 15)*	40,940
Right-of-use assets *(note 16)*	10,905
Intangible assets *(note 19)*	4,024
Inventories	3,714
Trade and bills receivables	1,097
Other receivables, deposits and prepayments	6,122
Trade and other payables	(46,543)
Contract liabilities	(63)

	RMB'000
Bank and other borrowings	(19,012)
Deferred tax liabilities	(1,077)
	107
Less: non-controlling interests of the acquired subsidiary	(30)
Fair value of net identifiable assets	77

The fair value of trade and other receivables at the date of acquisition amounted to RMB7,219,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB7,234,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows expected to be collected is RMB7,219,000.

	RMB'000
Cash consideration paid	–
Plus: non-controlling interest	30
Less: fair values of net assets acquired	(107)
Gain on bargain purchase arising on acquisition of subsidiary	(77)

Bargain purchase gains amounting to RMB77,000 on acquisition of Huai'an Xinsheng New Materials Technology Co., Ltd., after reassessment, are recognised in profit or loss within the other income, gains and losses, net line item in the consolidated statement of profit or loss and other comprehensive income. The fair value of net identifiable assets of the acquired company was minimal, accordingly the acquired subsidiary was acquired at RMB Nil, resulting in gain on bargain purchase arising on acquisition of a subsidiary.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of above acquired subsidiary and amounted to RMB30,000.

	RMB'000
Net cash outflow arising on acquisition:	
Consideration paid in cash	–
Bank balances and cash acquired	–
	–

Included in the Group's profit for the ten months ended 31 October 2025 was a loss of RMB1,401,000 attributable to the additional business generated by the acquired subsidiary. The Group's revenue for the ten months ended 31 October 2025 includes RMB761,000 generated from the acquired subsidiary.

Had the acquisition been completed on 1 January 2025, the Group's revenue for the ten months ended 31 October 2025 would have been RMB17,445,133,000, and the Group's profit for the ten months ended 31 October 2025 would have been RMB718,647,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

43. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2022

During the year, the Company and its subsidiary Dongbao Bio-Tech unilaterally inject capital to its non-wholly owned subsidiary, Yiqing Bio-Tech, the equity interest held by the Group before and after transaction was 44.71% and 46.07%, respectively. The acquisition has been accounted for as an equity transaction and the total difference between the carrying amounts of the attributable non-controlling interests before and after the acquisition had been charged directly in capital reserve for the year ended 31 December 2022.

For the year ended 31 December 2023

There was no acquisition of additional interest in subsidiaries during the year ended 31 December 2023.

For the year ended 31 December 2024

Details of acquisition of additional equity interests in non-wholly owned subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ registration	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
Yiqing Bio-Tech*	PRC	46.07%	21.18%	38,500
Rizhao Gon Chemical Co., Ltd. (日照國恩化學有限公司)	PRC	60%	80%	28,000
Jiangsu Guoheng New Materials Technology Co., Ltd. (江蘇國恒新材料科技有限公司)	PRC	65%	100%	–
Guangdong Gon Plastic Industry Development Co., Ltd. (廣東國恩塑業發展有限公司)	PRC	55%	100%	–
				66,500

* While the Group acquired additional equity interests in Yiqing Bio-Tech, the Company also disposed 33.36% equity interests in Yiqing Bio-Tech to its non-wholly owned subsidiary, Dongbao Bio-Tech. Accordingly, the equity interest held by the Group after acquisition decreased to 21.18% without loss of control over Yiqing Bio-Tech.

These acquisitions have been accounted for as equity transactions and the total difference between the carrying amounts of the attributable non-controlling interests acquired and the consideration paid amounting to RMB11,094,000 had been charged directly in capital reserve for the year ended 31 December 2024.

For the ten months ended 31 October 2025

Details of acquisition of additional equity interests in non-wholly owned subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ registration	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
Shandong Guoen Health Technology Co., Ltd (山東國恩健康科技有限公司)	PRC	48%	80%	–
Rizhao Gon Chemical Co., Ltd. (日照國恩化學有限公司)	PRC	80%	90%	12,100
				12,100

These acquisitions have been accounted for as equity transactions and the total difference between the carrying amounts of the attributable non-controlling interests acquired and the consideration paid amounting to RMB1,460,000 had been charged directly in capital reserve for the ten months ended 31 October 2025.

44. DISPOSAL OF A SUBSIDIARY

For the years ended 31 December 2022, 2023 and 2024

There was no disposal of a subsidiary during the years ended 31 December 2022, 2023 and 2024.

For the period ended 31 October 2025

Details of disposal of a subsidiary are as follows:

Name of subsidiary disposed	Place of incorporation/ registration	The date of disposal	Equity interest before disposal	Equity interest after disposal	Consideration
					RMB'000
Qingdao Yucheng Construction Engineering Co., Ltd. (青島俣城建築工程有限公司)	PRC	May 2025	100%	–	4,890

Details of the net assets disposed of in respect of the disposal of a subsidiary during the period ended 31 October 2025 are summarised below:

	RMB'000
Inventories	8,750
Trade and bills receivables	7,834
Other receivables, deposits and prepayments	284
Bank balances and cash	3,602
Trade and other payables	(15,203)
Net assets disposed of	5,267

Loss on disposal of a subsidiary:

	RMB'000
Consideration receivable	4,890
Net assets disposed of	(5,267)
Loss on disposal	(377)

Net cash outflow arising on disposal of a subsidiary:

	RMB'000
Consideration	4,890
Less: bank balances and cash of the subsidiary disposed of	(3,602)
Less: consideration receivables included in other receivables	(4,890)
Net cash outflow arising on disposals	(3,602)

45. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, the Group entered into new lease agreements and recognised right-of-use assets for buildings of approximately RMB25,095,000, RMB5,509,000, RMB27,986,000, RMB15,226,000 and RMB22,254,000 and lease liabilities for buildings of approximately RMB25,095,000, RMB5,509,000, RMB27,986,000, RMB15,226,000 and RMB22,254,000, respectively.

(ii) During the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, the Group early terminated a lease of buildings and derecognised right-of-use assets for buildings of approximately RMB685,000, RMB113,000, RMB5,053,000, RMB2,553,000 and RMB8,699,000 and lease liabilities for buildings of approximately RMB692,000, RMB118,000, RMB5,279,000, RMB2,553,000 and RMB8,762,000, respectively and resulted in gain on early termination of lease agreement of approximately RMB7,000, RMB5,000 and RMB226,000, RMB Nil and RMB63,000, respectively.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Convertible bonds	Lease liabilities	Interest Payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	2,043,679	–	31,418	44	2,075,141
Cash flows from (used in) financing activities	1,079,142	–	(20,971)	(108,914)	949,257
Finance cost for the year	–	–	1,793	113,057	114,850
Non-cash changes	–	–	24,403	–	24,403
At 31 December 2022	3,122,821	–	36,643	4,187	3,163,651
Cash flows from (used in) financing activities	593,675	320,730	(17,813)	(136,649)	759,943
Finance cost for the year	–	6,288	1,385	138,712	146,385
Non-cash changes	–	–	5,391	–	5,391
At 31 December 2023	3,716,496	327,018	25,606	6,250	4,075,370
Cash flows from (used in) financing activities	993,405	–	(18,739)	(149,882)	824,784
Finance cost for the year	–	13,642	1,760	149,193	164,595
Acquisitions of subsidiaries *(note 42)*	1,136,523	–	14,316	–	1,150,839
Non-cash changes	(1,576)	(25)	22,707	–	21,106
At 31 December 2024	5,844,848	340,635	45,650	5,561	6,236,694
Cash flows from (used in) financing activities	457,897	–	(24,244)	(149,680)	283,973
Finance cost for the period	–	11,200	1,330	158,951	171,481
Acquisitions of subsidiaries *(note 42)*	19,012	–	–	–	19,012
Non-cash changes	(365)	(6)	13,195	–	12,824
At 31 October 2025	6,321,392	351,829	35,931	14,832	6,723,984

(c) Total cash outflow for leases:

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Year ended 31 December			Ten months ended	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating activities.	95	679	1,001	764	1,435
Within financing activities.	20,971	17,813	18,739	15,057	24,244

46. CONTINGENT LIABILITIES

At the end of 31 December 2022, 2023 and 2024 and 31 October 2025, the Group and the Company did not have any significant contingent liabilities.

47. PLEDGE OF ASSETS

Details of the Group's and the Company's assets pledged for the Group's and the Company's bank and other borrowings are included in notes 15, 16, 26 and 33 to this Historical Financial Information, respectively.

48. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The properties held by the Group for rental purpose have committed tenants for periods ranging from five years to seven years as at 31 December 2022, 2023 and 2024 and 31 October 2025.

Minimum lease payments receivable on leases are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,700	1,400	500	400
In the second year	1,400	500	500	400
In the third year	500	500	500	400
In the fourth year	500	500	500	400
In the fifth year	500	500	500	67
After five years	1,000	500	–	–
	5,600	3,900	2,500	1,667

49. RETIREMENT BENEFITS PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

The Group recognised the retirement benefit contributions of RMB42,180,000, RMB50,886,000, RMB61,362,000, RMB43,807,000 and RMB62,725,000 for the years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2024 and 2025, respectively.

50. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of entity	Relationship
Mr. Wang Aiguo and Mrs. Xu Bo and Xinghao Investment.	Controlling shareholders of the Group
Tongliao Mengbao Biotechnology Co., Ltd ("Tongliao Mengbao")	Associate of the Group
Zhejiang Dongbao Yicheng Technology Co., Ltd ("Zhejiang Dongbao") (浙江東寶藝澄科技有限公司)	Associate of the Group
Qingdao Hanfang Pharmaceutical Co., Ltd ("Qingdao Hanfang") (青島漢方藥業有限公司)	A company of which a director of the Company is a shareholder

Other than as disclosed elsewhere in the Historical Financial Information, the Group had material transactions during the Track Record Period, with related parties as follows:

Related party	Nature of transaction	Year ended 31 December			Ten months ended 31 October	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Tongliao Mengbao	Purchases of raw materials	7,347	945	3,193	2,661	4,880
Zhejiang Dongbao	Purchases of finished goods	106	–	–	–	–
Qingdao Hanfang	Rental expenses	330	345	432	360	362

(b) Outstanding balances with related parties:

The Group

Amounts due from related parties included in trade receivables

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties	344	305	–	625
Impairment	(36)	(68)	–	(78)
	308	237	–	547

The Group performs impairment assessment under ECL model on amounts due from related parties, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. As at 31 December 2022, 2023 and 31 October 2025, impairment losses of RMB36,000, RMB68,000 and RMB78,000, respectively, were recognised in respect of the amounts due from related parties.

The balances due from related parties were trade in nature, unsecured, non-interest-bearing and repayable on demand.

Amounts due to related parties included in trade and other payables

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade-related	57	–	–	–
Non-trade related	–	145	–	–
	57	145	–	–

The balances due to related parties were unsecured, non-interest-bearing and repayable on demand.

The Company

Amounts due from subsidiaries included in trade receivables

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from subsidiaries	1,432,273	964,057	915,588	955,874

The balances due from subsidiaries were unsecured, non-interest-bearing and repayable on demand.

Amounts due from subsidiaries included in other receivables, deposits and prepayments

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from subsidiaries	183,075	127,076	11,875	675,960

The balances due from subsidiaries were unsecured, non-interest-bearing and repayable on demand.

Amounts due to subsidiaries included in trade and other payables

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade-related	15,461	8,660	841	5,863
Non-trade related	–	82,365	62,110	–
	15,461	91,025	62,951	97,972

The balances due to subsidiaries were unsecured, non-interest-bearing and repayable on demand.

Receipts in advance from subsidiaries included in contract liabilities

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chemical products	–	46,037	136,712	187,902

(c) The remuneration of key management personnel during the Track Record Period, is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Short-term benefits	8,280	11,094	11,745	7,111	6,395
Retirement benefit scheme contributions	596	621	624	533	504
	8,876	11,715	12,369	7,644	6,899

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

51. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group as at 31 December 2022, 2023, 2024 and 31 October 2025 that have material non-controlling interests:

Name of subsidiary	Place establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests				Total comprehensive income/(expenses) allocated to non-controlling interests					Accumulated non-controlling interests			
		As at 31 December			As at 31 October	Year ended 31 December			Ten months ended 31 October		As at 31 December			As at 31 October
		2022	2023	2024	2025	2022	2023	2024	2024	2025	2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dongbao Bio-Tech	the PRC	78.82%	78.82%	78.82%	78.82%	68,195	77,274	39,803	46,147	16,897	1,525,016	1,609,909	1,639,439	1,303,048
Gon Chemical (Dongming) .	the PRC	N/A	N/A	33.00%	33.00%	N/A	N/A	(3,834)	N/A	(17,047)	N/A	N/A	181,054	164,590
Other subsidiaries with non-controlling interests						(7,247)	(9,142)	(615)	(10,369)	8,487	304,866	298,017	247,713	533,393
						60,948	68,132	35,354	35,778	8,337	1,829,882	1,907,926	2,068,206	2,001,031

The summarised financial information in respect of non-wholly owned subsidiaries of the Group that has material non-controlling interests is set out below. The summarised financial information/consolidated financial information below represents amounts before intergroup eliminations.

Dongbao Bio-Tech

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	1,616,977	1,570,717	1,748,387	1,303,937
Current assets	759,561	1,201,756	1,074,483	1,074,628
Current liabilities	259,135	229,999	231,120	187,552
Non-current liabilities	182,595	499,960	511,771	537,819
Equity attributable to the owners of the Company	409,792	432,605	440,540	350,146
Equity attributable to the NCI of Dongbao Bio-Tech	1,525,016	1,609,909	1,639,439	1,303,048

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	715,041	733,839	521,993	430,052	331,127
Expenses	(628,521)	(635,800)	(471,494)	(371,505)	(309,690)
Profit and total comprehensive income for the year/period	86,520	98,039	50,499	58,547	21,437
Profit and total comprehensive income attributable to owners of the Company	18,325	20,765	10,696	12,400	4,540
Profit and total comprehensive income attributable to the NCI of Dongbao Bio-Tech	68,195	77,274	39,803	46,147	16,897
Net cash inflow from operating activities	172,381	206,534	31,079	32,373	20,820
Net cash outflow from investing activities	(200,354)	(32,474)	(241,393)	(136,107)	(15,118)
Net cash inflow/(outflow) from financing activities	89,067	307,589	(16,210)	(16,391)	(26,199)
Net cash inflow/(outflow)	61,094	481,649	(226,524)	(120,125)	(20,497)

Gon Chemical (Dongming)

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	N/A	N/A	2,082,011	2,192,392
Current assets	N/A	N/A	146,460	205,731
Current liabilities	N/A	N/A	558,717	835,567
Non-current liabilities	N/A	N/A	1,121,105	1,063,798
Equity attributable to the owners of the Company	N/A	N/A	367,595	334,168
Equity attributable to the NCI of Gon Chemical (Dongming)	N/A	N/A	181,054	164,590

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	N/A	N/A	12,913	N/A	228,055
Expenses	N/A	N/A	(24,532)	N/A	(279,713)
Loss and total comprehensive expenses for the year/period	N/A	N/A	(11,619)	N/A	(51,658)
Loss and total comprehensive expenses attributable to owners of the Company	N/A	N/A	(7,785)	N/A	(34,611)
Loss and total comprehensive expenses attributable to the NCI of Gon Chemical (Dongming)	N/A	N/A	(3,834)	N/A	(17,047)
Net cash inflow/(outflow) from operating activities	N/A	N/A	8,824	N/A	(70,755)
Net cash outflow from investing activities	N/A	N/A	(5,391)	N/A	(113,162)
Net cash inflow from financing activities	N/A	N/A	–	N/A	198,378
Net cash inflow	N/A	N/A	3,433	N/A	14,461

52. COMMITMENTS

The Group

The Group had the following contracted commitments as at 31 December 2022, 2023 and 2024 and 31 October 2025:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	402,724	498,593	733,752	516,356

The Company

The Company had the following contracted commitments as at 31 December 2022, 2023 and 2024 and 31 October 2025:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	73,932	300,169	440,019	280,082

53. SUBSEQUENT EVENTS

Except for the event mentioned above, no other significant events that require additional disclosure or adjustments occurred after 31 October 2025.

54. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 October 2025 and up to the date of this report.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

APPENDIX IIA [REDACTED]

[REDACTED]

TAXES FOR SECURITIES HOLDERS

The income tax and the tax on capital gains for holders of H Shares shall be subject to the laws and practices of PRC and the jurisdictions in which the holders of H Shares are residents or subject to taxes for other reasons. The following summary of certain relevant tax provisions is based on current laws and practices, subject to change and not intended to be legal or tax advice. The discussion is not intended to cover all the possible tax consequences of the [**REDACTED**] in H Shares, nor does it take into account the particular circumstances of any individual [**REDACTED**], some of which may be subject to special rules. Therefore, you should consult a tax advisor for advice on the tax consequences of the [**REDACTED**] in H Shares. The discussion is based on the laws and related interpretations in force as of the date of this document, which are subject to change and may have retroactive effect.

The discussion does not address any PRC tax issues other than income tax, capital tax, value-added tax, stamp duty and estate duty. [**REDACTED**] are advised to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of H Shares.

Taxation Regarding Dividends

Individual investor

Pursuant to the latest amended Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) (the "**IIT Law**") on August 31, 2018 and the latest Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》) amended on December 18, 2018, dividend distributions by Chinese enterprises are subject to a PRC withholding tax at a flat rate of 20%. For foreign individuals who are not Chinese residents, dividends received from Chinese enterprises are generally subject to a tax rate of 20%, unless specifically exempted by the tax authorities of the State Council or exempted or reduced under an applicable tax treaty.

According to the Circular of State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) issued by the SAT on June 28, 2011, domestic non-foreign invested enterprises with shares issued in Hong Kong are allowed to withhold individual income tax at a rate of 10% on dividend distributions. For individual holders of H shares who receive dividends and are residents of countries with which the PRC has entered into tax treaties with a tax rate of less than 10%, a non-foreign invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for the right to enjoy the preferential treatment of lower tax rate, and once approved by the tax authorities, any over-payment of the withholding tax will be refunded. For individual holders of H shares who receive dividends and are residents of countries with which China has entered into a tax treaty with a tax rate higher than 10% but lower than 20%, the non-foreign invested enterprises are required to withhold tax according to the agreed tax rate of the treaty without the need to file an application. For individual holders of H shares who receive dividends and are residents of countries with which China has not entered into a tax treaty, the non-foreign invested enterprises are required to withhold tax at a rate of 20%.

Corporate investor

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) promulgated by the National People's Congress on March 16, 2007 and last amended on December 29, 2018 and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council on December 6, 2007, which became effective on January 1, 2008 and was last amended on January 20, 2025, the enterprise income tax rate will be 25%. A non-resident enterprise that does not have an establishment or premise in China, or that has an establishment or premise in China but its income from sources in China is not physically connected with its establishment or premise, is generally subject to an enterprise income tax rate of 10% on its income from sources in China (including dividends received from a PRC resident enterprise). The foregoing income tax payable by non-resident enterprises is subject to withholding at source, in which the payer of the income is required to withhold it from payments due to the non-resident enterprise.

As further clarified in the Circular of the State Administration of Taxation on Issues Relating to the Withholding and Payment of the Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued and implemented by the SAT on November 6, 2008, Chinese resident enterprises shall withhold and pay the enterprise income tax at a uniform rate of 10% on behalf of the overseas non-resident enterprise holders of H shares when distributing dividends for 2008 and subsequent years.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Arrangement**"), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by such PRC-resident enterprise. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》).

Tax treaty

Non-resident investors living in jurisdictions that have entered into treaties with China on the avoidance of double taxation or made relevant adjustments shall be entitled to the relief from the enterprise income tax on dividends received from Chinese resident companies. China has entered into treaties or arrangements on the avoidance of double taxation with a number of countries and regions, including Hong Kong, the Macao Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. Non-Chinese resident enterprises entitled to preferential tax rates under the relevant tax treaties or arrangements shall apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed rate, and the refund application shall be approved by the Chinese tax authorities.

Taxation Regarding Share Transfer

Value added tax and local surtax

Pursuant to the Circular on Comprehensive Launch of Pilot Replacement of Business Tax with Value-added Tax (《關於全面推開營業税改徵增值税試點的通知》) (the "**Circular 36**"), which was implemented on May 1, 2016, entities and individuals engaging in the sale of services within the PRC are subject to VAT, and "engaging in the sale of services within the PRC" means that the seller or buyer of taxable services is located in China. Circular 36 also provides that, for general or foreign VAT payers, transfers of financial products (including transfers of ownership of marketable securities) are subject to 6% VAT on the taxable income (i.e., the balance of the sale price less the purchase price). However, the transfer of financial products by individuals is exempted from VAT, as stipulated in the Circular of the Ministry of Finance and the State Administration of Taxation on Certain Exemptions from Business Tax on the Sale and Purchase of Financial Commodities by Individuals (《財政部、國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》), which came into effect on January 1, 2009, and the Provisions on Transitional Policies of the Pilot Program for the Change from Business Tax to Value-added Tax (《營業税改徵增值税試點過渡政策的規定》), which was promulgated by the Ministry of Finance and the State Administration of Taxation and came into effect on May 1, 2016 and partly invalid on July 1, 2017 and January 1, 2018. Pursuant to these provisions, the sale or disposal of H Shares is exempt from PRC value-added tax if the holder is a non-resident individual.

In addition, VAT payers are also subject to urban maintenance and construction tax, education surtax and local education surtax (collectively the "**local surtax**"), which is usually 12% of the actual VAT, business tax and consumption tax (if any) payable in urban areas in China.

Income Tax

Individual investor

Under the Individual Income Tax Law, gains from the transfer of equity interests in Chinese resident enterprises shall be subject to a 20% individual income tax. According to the Circular on Continued Temporary Exemption of Individual Income Tax on Income from Transfer of Stocks (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) promulgated by the MOF and the SAT on March 30, 1998, individuals shall continue to be temporarily exempted from the individual income tax on the income from the transfer of shares in listed companies from January 1, 1997.

According to the Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) jointly promulgated by the MOF, the SAT and the CSRC on December 31, 2009, which came into effect on the same date, individuals shall continue to be exempted from the individual income tax on the income from the transfer of listed shares acquired from the public offering of listed companies and the transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, with the exception of the relevant restricted shares as defined in the above Circular and the Supplementary Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》), which was jointly promulgated and enforced by the MOF, the SAT and the CSRC on November 10, 2010. As of the Latest Practicable Date, the above provisions did not expressly provide for imposition of the individual income tax on the transfer of shares of Chinese resident enterprises listed on overseas stock exchanges by non-Chinese resident individuals.

Corporate investor

According to the Enterprise Income Tax Law, if a non-resident enterprise does not have an institution or premise in China, or has an institution or premise in China but its income derived from China is not actually related to the above-mentioned Chinese institution or premise, it is generally required to pay a 10% enterprise income tax on its income derived from China (including proceeds from sales of equity interest of a Chinese resident enterprise). The enterprise income tax payable by a non-resident enterprise shall be withheld at source, and the payer of the income shall withhold the income tax from the amount to be paid to the non-resident enterprise. The tax may be reduced or exempted under tax treaties or arrangements for the avoidance of double taxation.

Stamp duty

According to the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花税法》), which was promulgated on June 10, 2021 and became effective on July 1, 2022, all the entities and individuals that enter into taxable documents and engage in securities transactions within China shall be taxpayers of stamp duty and shall pay stamp duty in accordance with the provisions of the Stamp Duty Law of the People's Republic of China. Therefore, the provisions on the stamp duty levied on the transfer of shares of listed companies in China do not apply to the purchase and disposal of H shares by non-Chinese investors outside China.

Estate duty

As of the date of this document, no estate duty has been imposed on the Company in the PRC under PRC law.

Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect Taxation Policy

On October 31, 2014 and November 5, 2016, the Ministry of Finance, the SAT and the CSRC jointly issued the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (《關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》) and the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by PRC enterprise investors. The tax payable shall be declared and paid by the enterprises themselves.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the "**CSDC**"), which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

Hong Kong Taxation

Dividend Taxation

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares effected on the Stock Exchange.

Capital gains from the sale of H Shares that are derived from outside Hong Kong but received in Hong Kong by a member of a MNE Group (as defined under the Inland Revenue Ordinance (Cap. 112) ("**IRO**") carrying on a trade, profession or business in Hong Kong, may be chargeable to Hong Kong profits tax if the member does not carry on specified economic activities (as defined under the IRO) in Hong Kong. Tax exemption and relief for foreign tax imposed on the gain may apply where specific conditions are met.

Trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. A concessionary tax rate at half of the applicable tax rate may apply to the first $2 million of assessable profits of corporations or unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Hong Kong has also introduced the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024 to implement a domestic minimum top-up tax. For all fiscal years commencing on or after 1 January 2025, income of a constituent entity of an in-scope MNE group that is located in Hong Kong may also be subject to top-up tax.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of the Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

Pursuant to the Revenue (Abolition of Estate Duty) Ordinance 2005, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after February 11, 2006.

MAIN TAXES OF THE COMPANY IN CHINA

Please refer to the chapter titled "Regulatory Overview" of this document.

FOREIGN EXCHANGE

Renminbi (the "**RMB**"), the legal tender of China, is subject to foreign exchange control and cannot be freely convertible into foreign currencies. The State Administration of Foreign Exchange (the "**SAFE**") under the People's Bank of China (the "**PBOC**") is responsible for all matters related to foreign exchange, including the implementation of foreign exchange control regulations.

According to the Regulations on Foreign Exchange Control of the People's Republic of China (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, implemented on April 1, 1996, and last revised on August 5, 2008 (the "**Regulations on Foreign Exchange Control**"), all international payments and transfers shall be classified into the current account and capital account. The current account shall be subject to the reasonable examination of the authenticity of transaction documents and their consistency with foreign exchange receipts and payments by the financial institutions engaging in the business of foreign exchange settlement and sales, and shall be subject to the supervision and inspection by the foreign exchange administrative authorities. With regard to the capital account, foreign organizations and individuals making direct investments in China shall, upon approval by the competent authorities concerned, register with the foreign exchange administrative authorities. The foreign exchange income obtained from abroad may be repatriated or deposited abroad. Foreign exchange funds and foreign exchange settlement funds under the capital account shall be used for the purposes approved by the relevant competent authorities and the foreign exchange administrative authorities. When there is or may be a serious imbalance in the balance of payments, or when there is or may be a serious crisis in the national economy, the State may take measures necessary to guarantee and control the balance of payments.

The Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, have abrogated other restrictions on foreign exchange under the current account, but imposed existing restrictions on foreign exchange transactions under the capital account.

According to the Announcement on Improving the Reform of the RMB Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》) promulgated and implemented by the PBOC on July 21, 2005, China began to implement a managed floating exchange rate system, with the exchange rate adjusted according to market supply and demand and with reference to a basket of currencies on July 21, 2005. Therefore, the RMB exchange rate is no longer linked to the US dollar. The PBOC shall announce, after the market closes on each working day, the closing price of the exchange rate of the US dollar and other currencies traded in the interbank foreign exchange market against RMB on that day, which serves as the median price for transactions of that currency against RMB on the following working day.

According to China's relevant laws and regulations, when Chinese enterprises (including foreign-invested enterprises) require foreign exchange for current account transactions, they may make payments through foreign exchange accounts opened in designated foreign exchange banks without the approval of foreign exchange control agencies, but valid transaction receipts and vouchers shall be provided. If a foreign-invested enterprise needs to distribute profits to its shareholders through foreign exchange, and a Chinese enterprise (such as the Company) needs to pay dividends to its shareholders through foreign exchange according to relevant regulations, it may make payments from the foreign exchange account of a designated foreign exchange bank or make exchanges and payments at a designated foreign exchange bank according to the resolution of the Board or the general meeting on profit distribution.

According to the Decision of the State Council on the Cancellation and Adjustment of a Batch of Items Requiring Government Review and Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on October 23, 2014, it decided to cancel the examination and approval requirements of the SAFE and its branches for the remittance and settlement of proceeds raised from the overseas listing of overseas shares into domestic accounts in RMB.

According to the Circular of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued and implemented by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from the date of closing of overseas listing, apply for the registration of overseas listing with the local branch of the SAFE at the place of its incorporation. Proceeds from the overseas listing of the domestic company may be repatriated to a domestic account or deposited in an overseas account, provided that the use of the proceeds is consistent with the contents set out in this document and other disclosure documents.

Pursuant to the Provisions on Foreign Exchange Administration for Direct Investment by Foreign Investors in China (《外國投資者境內直接投資外匯管理規定》), which were promulgated on May 10, 2013, became effective on May 13, 2013, were amended on October 10, 2018 and were partially repealed on December 30, 2019, the administration of direct investment by foreign investors in the PRC by the SAFE or its local branches is required to be carried out by means of registration, and banks are required to process foreign exchange transactions relating to direct investment in the PRC on the basis of the registration information provided by the SAFE and its branches.

In accordance with the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policy on Foreign Exchange Management of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was promulgated by the SAFE on February 13, 2015, came into effect on June 1, 2015 and was partially repealed on December 30, 2019, foreign exchange registration for domestic direct investment and overseas direct investment will be directly reviewed and processed by banks, while the SAFE and its branches shall indirectly supervise the foreign exchange registration through banks.

A foreign-funded enterprise may, based on its operating needs, voluntarily settle the foreign exchange capital, pursuant to the Circular of the State Administration of Foreign Exchange Concerning Reform of the Administrative Approaches to Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which was promulgated on March 30, 2015, validated on June 1, 2015, abolished in part on December 30, 2019 and amended in part on March 23, 2023. Foreign-invested enterprises shall not use foreign exchange capital funds settled in RMB for (a) any expenditure outside the scope of business of the foreign-invested enterprise or prohibited by laws and regulations; (b) direct or indirect investment in securities; (c) issuance of entrusted loans (except for those permitted by the scope of business), repayment of inter-enterprise loans (including advances by third parties) or repayment of RMB bank loans that have been transferred to third parties; and (d) purchase of real estate that is not for its own use (except for real estate enterprises).

According to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Policy on Settlement Management of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated and implemented by the SAFE on June 9, 2016, which was amended in part on December 4, 2023, relevant policies have made it clear that domestic institutions may settle their foreign exchange incomes under the capital account (including funds raised from the overseas listing), which are subject to discretional settlement, with banks as actually needed for business operation. The proportion of foreign exchange income under capital account that domestic institutions intend to settle is tentatively set at 100%, provided that the SAFE may adjust the relevant proportion according to the international payment balance status in good time.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please see section entitled "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 Amendment) (《中華人民共和國立法法(2023年修訂)》) (the "**Legislation Law**"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, environmental protection, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels and special people's courts.

The people's courts apply a two-tier appellate system. A party may appeal against a judgment or order of a local people's court to the people's court at the next higher level. Second judgments or orders given at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgment or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (2023 revision) (《中華人民共和國民事訴訟法(2023修正)》) (the "**Civil Procedure Law**"), which was adopted in 1991 and amended in 2007, 2012, 2017 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

Where a party applies for enforcement of judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE COMPANY LAW AND ADMINISTRATIVE MEASURES

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law (2023 Amendment) (《中華人民共和國公司法(2023修正)》) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively and the latest amendment of which was implemented on July 1, 2024;

- Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") which were promulgated by the China Securities Regulatory Commission (the "**CSRC**") on February 17, 2023, came into effect on March 31, 2023, applicable to the overseas share subscription and listing of joint stock limited companies;

- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidance for Articles of Association**") which was latest amended and came into effect on March 28, 2025 by the CSRC.

Set out below is a summary of the major provisions of the Company Law and the Trial Measures applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Where any laws stipulate that a joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies, such requirements shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters shall pay the subscription monies in full for the shares they have subscribed for before the company is incorporated.

The convening and voting procedures of the establishment meeting of a joint-stock company established by way of promotion shall be stipulated in the company's articles of association or the agreement between the promoters. The sponsors who raise funds to establish a joint-stock company shall preside over and convene the establishment meeting of the company within thirty days from the date of full payment of the shares that should be issued when the company is established, and notify all subscribers or announce the date of the meeting 15 days prior to the date of the establishment meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the report on organization of the company, the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must authorize a representative to apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company shall issue registered share.

Under the Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any subscriber.

To issue shares overseas, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Pursuant to the PRC Company Law, a company may, according to its articles of association, issue the following classified shares, which have different rights from those of the common shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the common shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classified shares provided by the State Council. A company making a public offering of shares shall not issue any of the classified shares as prescribed on items (ii) and (iii), except those issued prior to the public offering.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law.

Under the Company Law, a joint-stock company shall maintain a register of members which shall be kept at the company and set forth the following matters:

- the name and domicile of each shareholder;
- the class and number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder if the shares are issued in paper form; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. Where a company raises shares from the public, it shall register with the security regulatory organization under the State Council and announce the prospectus. After the new share issuance has been paid up, an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed;

- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;

- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by the company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders of a joint-stock company may be transferred to other shareholders or to persons other than shareholders; if the company's articles of association impose restrictions on the transfer of shares, such transfer shall be effected in accordance with the provisions of the company's articles of association. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. Transfer of shares may be carried out by endorsement of shareholders or in other manner specified by laws and administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its register of members. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions relevant laws, administrative regulations, or the requirements of the securities regulatory authority on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Where laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on the transfer of shares held by shareholders or de facto controllers of listed companies, such provisions shall prevail. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the Company Law, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;

- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;

- the right to inspect and copy the company's articles of association, share register, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;

- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;

- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' general meeting exercises the following principal powers:

- to elect or remove the directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

- to examine and approve reports of the board of directors;

- to examine and approve reports of the board of supervisors;

- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;

- to decide on any increase or reduction of the company's registered capital;

- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for more than 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, except for class shareholders. Shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; (iv) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

Under the Company Law, a joint stock limited company shall have a board of directors. If the board of directors has more than three members, it may include an employees' representative of the company. Where a company has 300 or more employees, the board of directors shall include the employees' representatives of the company unless the board of supervisors has been established and includes employees' representatives of the company according to law. The employees' representatives in the board of directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance

with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of a director during his term of office results in the number of directors being less than the quorum. If a director resigns, he shall notify the company in writing and the resignation shall take effect on the date of receipt of the notification by the company; however, if the circumstances stipulated in the preceding paragraph exist, the director shall continue to perform his duties.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' meetings and report on its work to the shareholders' meetings;
- to implement the resolutions passed in shareholders' meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association or authorized by the shareholders' meeting.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman of the board of directors shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors

shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint the vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;

- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, and in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;

- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order for closure; or

- a person who is liable for a relatively large amount of debts that are overdue and being listed as a dishonest person subject to enforcement by the people's court.

Board of Supervisors

A joint stock limited company has a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of a supervisor during his term of office results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' meetings and to convene and preside over shareholders' meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management;
- other powers specified in the articles of association; and
- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

A joint stock limited company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors as provided for in this Law. It may not have a board of supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by this Law.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or dismissed by the board of directors.

The manager shall be responsible to the board of directors and shall exercise his duties and powers in accordance with the provisions of the company's articles of association or the authorization of the board of directors. The manager shall attend board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management shall take measures to avoid conflicts between their own interests and the interests of the company, and shall not make use of their positions to gain undue advantage. They shall also owe a duty of diligence to the company and shall perform their duties with the reasonable care normally expected of a person in management position in the best interests of the company. Directors and senior management are prohibited from:

- embezzlement of company properties and misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- utilising power to accept bribe or accept other illegal income;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Where a director, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. When utilizing reserve funds to make up for a company's losses, the discretionary reserve fund and statutory reserve fund should be used first; if the losses still cannot be made up, the capital reserve fund may be used in accordance with regulations. Upon the conversion of statutory common reserve fund into increasing the registered capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting, board of directors or board of supervisors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, board of directors or board of supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidance for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be revoked; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management and the ongoing existence of the company would bring significant losses for shareholders that cannot be resolved through other means.

In the event of (i) or (ii) above and in case that no assets have been distributed to shareholders, it may carry on its existence by amending its articles of association or by a resolution of shareholders' meeting. The amendment of the articles of association or by a resolution of shareholders' meeting in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in items (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The liquidation committee shall be composed of directors, unless the company's articles of association provide otherwise or the shareholders' meeting resolves to elect someone else. If the liquidation obligator fails to fulfill its liquidation obligations in a timely manner and causes losses to the company or creditors, it shall be liable for compensation. If a liquidation committee is not established within the stipulated period or if the liquidation is not carried out after the establishment of the liquidation committee, the interested parties may apply with the people's court for setting up a liquidation committee with designated relevant personnel to conduct the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;

- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to distribute the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy liquidation.

Following the acceptance of application for bankruptcy by the People's Court, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification and the report shall be submitted to the registration authority of the company in order to cancel the company's registration. When performing the duties in relation to the liquidation, members of the liquidation committee shall bear the duties of loyalty and diligence.

If members of the liquidation committee are reluctant in performing their liquidation duties and cause losses to the company, they shall be liable for compensation. A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Trial Measures, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法》(2019年修訂)) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm

of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》), promulgated and implemented by the State Council on April 22,1993, deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council for listing its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution and one party filed a lawsuit with the people's court, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award made by the PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000 and was amended by the Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (2020) (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排(2020)》). In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Old Arrangement**") promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, which was expired, in the case of final judgment,

defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, the PRC Supreme Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), which replaces the Old Arrangement and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement came into effect on January 29, 2024.

This Appendix mainly provides [**REDACTED**] with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to [**REDACTED**].

SHARES ISSUES

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of resolutions at the Shareholders' general meeting:

(i) Public issuance of shares;

(ii) Non-public issuance of shares;

(iii) Distribution of bonus shares to existing shareholders;

(iv) Converting the reserve funds into share capital;

(v) Other means approved by the laws, administrative regulations or approved by the CSRC.

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in Company Law of the PRC, other related regulations and the Articles of Association.

Repurchase of Shares

Company shall not to repurchase its own shares, unless otherwise under the circumstances:

(i) Reduce our Company's registered capital;

(ii) Merger with other companies which hold our shares;

(iii) Using the shares for employee shareholding schemes or as equity incentives;

(iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' general meeting upon their request;

(v) Use of shares for conversion of convertible corporate bonds issued by the Company;

(vi) Necessary for the Company to maintain its value and protect the interests of the shareholders.

Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) or (vi) as set out above, such acquisition shall be conducted through public centralized trading.

Where the Company acquires its shares under the circumstances prescribed in items (i) and (ii) as set out above, such acquisition shall be resolved at a general meeting. Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) and (vi) as set out above, such acquisition shall be resolved at a Board meeting attended by at least 2/3 of the directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

Where the Company acquires its shares under the circumstances prescribed in item (i) as set out above, such shares shall be canceled within ten days from the date of acquisition. Where the shares are acquired under the circumstances prescribed in items (ii) and (iv) as set out above, such shares shall be transferred or canceled within six months. Where the shares are acquired under the circumstances prescribed in items (iii), (v) and (vi) as set out above, the total number of the shares held by the Company shall not exceed 10% of the total issued shares, and such shares shall be transferred or canceled within three years.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws.

Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are listed and traded on the Shenzhen Stock Exchange.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferable by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the laws, administrative regulations or listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

Any gains from sale of Company's shares or other securities with an equity nature by the Directors, senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the abovementioned parties. However, the disposal of such shares by securities companies holding more than 5% of the shares as a result of the outstanding shares acquired under underwriting, and other circumstances stipulated by the CSRC and the SEHK, are excluded.

Shares or other securities with the nature of equity held by Directors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts. If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the shareholders are entitled to request the Board of Directors to do so within 30 days.

If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall set up a register of shareholders based on the certificates provided by the securities settlement agency. The register of shareholders shall be sufficient evidence proving the holding of the shares of the Company by a shareholder. A shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

(i) To receive dividends and other distributions in proportion to the number of shares held;

(ii) To request the holding of, convene, preside over, attend or to appoint proxy to attend general meetings and exercise corresponding rights to vote in accordance with the law;

(iii) To monitor, make suggestions on or question the Company's operation;

(iv) To transfer, donate or pledge shares in his/her/its possession in accordance with the law, administrative regulations, and provisions of the Articles of Association;

(v) To inspect and duplicate the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the meetings of the Board of Directors, and financial and accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and certificates;

(vi) In the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;

(vii) The shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their shares;

(viii) Other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If a resolution passed at the Company's general meeting or the Board meeting violates laws or administrative regulations, shareholders have the right to institute proceedings before a people's court to render the resolution invalid. If the procedures for convening, or the method of voting at, a general meeting or a Board meeting violate laws, administrative regulations or the Articles of Association, or a resolution violates the Articles of Association, shareholders are entitled to institute proceedings before a people's court to rescind such resolution within 60 days of the adoption of such resolution, unless the procedures for convening, or the method of voting at, a general meeting or a Board meeting only contains a minor defect without a substantial impact on the resolution.

In the event of any loss caused to our Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors other than members of the Audit Committee or senior management when performing their duties in our Company, the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the people's court. Where the members of Audit Committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to our Company, the Shareholders may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of our Company.

In the event of a director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The obligations of Shareholders are as follows:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To provide Share capital according to the Shares subscribed for and Share participation methods;

(iii) Not to return Shares unless prescribed otherwise in laws and administrative regulations;

(iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) To perform other duties prescribed in laws, administrative regulations, and the Articles of Association.

Any Shareholder who abuses Shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

Controlling Shareholders and Actual Controllers

Controlling shareholders and actual controllers of the Company shall comply with the following provisions:

(i) To exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;

(ii) To strictly implement the public statements and undertakings made and shall not change or waive them;

(iii) To fulfill information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;

(iv) Not to appropriate the Company's funds in any way;

(v) Not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(vi) Not to make use of the Company's undisclosed material information to gain benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;

(vii) Not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, foreign investment or any other means;

(viii) To ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;

(ix) Other provisions of laws, administrative regulations, the CSRC rules, the rules of the stock exchange where the shares of the Company are listed and the Articles of Association.

Where a controlling shareholder or actual controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or actual controller of the Company instructs a director or senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or senior management.

General Rules of the General Meeting

The General Meeting shall consist of all the shareholders. The General Meeting is the organ of authority of the Company, and shall exercise the following functions and powers in accordance with the law:

(i) To elect and replace directors, and to decide on matters relating to the remuneration of directors;

(ii) To consider and approve the reports of the Board;

(iii) To consider and approve the Company's profit distribution plans and loss recovery plans;

(iv) To resolve on the increase or reduction of the registered capital of the Company;

(v) To resolve on the issue of bonds of the Company;

(vi) To resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(vii) To amend the Articles of Association;

(viii) To resolve on the appointment and dismissal of the accounting firm that undertakes the auditing activities of the Company;

(ix) To consider and approve the guarantee matters stipulated in Article 47 of the Articles of Association;

(x) To consider matters where the company purchases or sells significant assets within one year with an amount exceeding 30% of the company's latest audited total assets;

(xi) To consider and approve the change in use of proceeds;

(xii) To consider share incentive schemes and employee share ownership schemes;

(xiii) To consider other matters that shall be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the company's shares are listed, or the Articles of Association.

Unless otherwise stipulated by laws, administrative regulations, departmental rules, or the securities regulatory rules of the stock exchange where the Company's shares are listed, the authorities of the aforementioned shareholders' meeting shall not be delegated to the board of directors or any other institution or individual to be exercised by proxy.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

(i) When the number of directors is less than the statutory minimum number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;

(ii) When the unrecovered losses of the Company amount to one-third of the total share capital;

(iii) When shareholders individually or together holding 10% or more of the shares of the Company request to hold such a meeting in writing;

(iv) When the Board of Directors deems it necessary;

(v) When the Audit Committee proposes to hold such a meeting;

(vi) Other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Convening of General Meetings

The Board of Directors shall convene the general meeting on time within the specified period.

Subject to the consent of more than half of all the independent directors, the independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. With regard to the proposal made by the independent directors for convening an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal

Where the Board of Directors agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement, and engage a law firm to issue and publicly disclose a legal opinion verifying the validity of such reasons and their compliance with applicable laws and regulations.

The Audit Committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

Where the Board of Directors agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval of the Audit Committee. Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the general meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholders who individually or jointly hold more than 10% of the Company's shares are entitled to request the Board of Directors to convene an extraordinary general meeting or add proposals to the agenda of the shareholders' meeting, such requisition shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the requisition.

Where the Board of Directors agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders.

Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the requisition, shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to propose the Audit Committee to convene the extraordinary general meeting and such requisition shall be made in writing to the Audit Committee.

Where the Audit Committee agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after receipt of the requisition. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. If the Audit Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the general meeting by themselves.

If the extraordinary general meeting is convened by the Audit Committee or shareholders on their own, it shall notify the Board of Directors in writing and file a record with the Shenzhen Stock Exchange at the same time. The Audit Committee or the convening shareholder shall submit the relevant documentary evidence to the Shenzhen Stock Exchange concurrently with the issuance of the shareholders' meeting notice and the announcement of the meeting resolutions. Before the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%.

Where the Audit Committee or the shareholders convene a general meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

Proposals and Notices of General Meeting

When the Company convenes a general meeting, the Board of Directors, the Audit Committee and shareholders who individually or jointly hold more than 1% of the Company's shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may submit provisional proposals in writing to the convener 10 days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposal and submit the provisional proposals to the general meeting for consideration, however, except for the provisional proposals that violates the requirements of the laws, administrative regulations, listing rules of the place where the Company's shares are listed or the Articles of Association, or are not within the terms of reference of the general meeting.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

The convener shall notify all shareholders by announcement 21 days prior to the convention of an annual general meeting, or 15 days prior to the convention of an extraordinary general meeting.

Notice of the general meeting shall contain:

(i) The date, venue and duration of the meeting;

(ii) Matters and proposals submitted for consideration at the meeting;

(iii) A clear statement that: All holders of ordinary shares and shares with special voting rights shall have the right to attend shareholders' meetings and may appoint proxies in writing to attend and vote at such meetings; such shareholder proxies need not be shareholders of the company;

(iv) The date of record for the determination of shareholders who are entitled to attend the general meeting;

(v) Name and telephone number of permanent contact person;

(vi) Voting period and procedures for online or other means of voting.

The notice and supplementary notice of shareholders' meetings shall provide full and detailed disclosure of the full specifics of all proposals.

Holding of General Meetings

All shareholders of ordinary shares and shares with special voting rights whose names appear on the register of members on the record date or their proxies are entitled to attend the general meeting and speak and exercise their voting rights in accordance with the relevant laws, regulations, securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, unless individual shareholders are required to abstain voting from individual matter as stipulated by the securities regulatory rules of the place where the shares of the Company are listed.

Shareholders may attend a general meeting in person, or may appoint a proxy to attend and speak and vote on his/her behalf. The proxy does not need to be a shareholder of the company.

An individual shareholder that attends the meeting in person shall produce his or her own identity card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own identity card and the power of attorney issued by the shareholder.

Shareholders who is a partnership shall attend at a meeting by its executing partner or a proxy authorized by the executing partner. If the executing partner attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her executing partner status. If the proxy attends the meeting, he or she shall produce his or her own identity card and the power of attorney issued by the executing partner of the partnership shareholder.

Shareholder who is a corporation shall attend at a meeting by its legal representative or a proxy authorized by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own identity card and the power of attorney issued by the legal representative of the shareholder as a corporation (except for shareholder who is a recognized clearing house and its nominees as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed).

If the shareholder is a recognized clearing house (or its nominees), it may authorize one or more persons it deems fit to act as its representative at any general meeting or any meeting of creditors; however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may exercise rights on behalf of the recognized clearing house (or its nominees) (no shareholding voucher, notarized authorization and/or further evidence of the duly authorization is required), and shall enjoy statutory rights equivalent to those of other shareholders, including the right to speak and vote as if such person is an individual shareholder of the Company.

Voting and Resolutions at General Meetings

Resolutions of the general meeting include ordinary resolutions and special resolutions. An ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders (including their proxies) attending at the general meeting. A special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders (including their proxies) attending at the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

(i) work reports of the Board;

(ii) plans formulated by the Board for the distribution of profits and for making up losses;

(iii) appointment and removal of the members of the Board of Directors, their remunerations and methods of payment;

(iv) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a general meeting:

(i) The increase or reduction of share capital of the Company;

(ii) The split, merger, dissolution and liquidation of the Company;

(iii) Amendments to the Articles of Association;

(iv) The acquisition or disposal of major assets or guarantees within one year reaches or exceeds 30% of the Company's latest audited total assets;

(v) Equity incentive plan;

(vi) To adjust or amend the profit distribution policy;

(vii) Any other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote. When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner. The shares held by the company shall have no voting rights and shall not be counted in the total shares with voting rights present at the shareholders' meeting.

If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the general meeting.

Under applicable laws and regulations and the *Hong Kong Listing Rules*, if any shareholder is required to abstain from voting on a resolution or is restricted to voting only in favor of (or against) a resolution, votes cast by such shareholder or its representative in breach of such requirements or restrictions shall be excluded from the voting results.

The Board of the Company, independent directors, shareholders holding more than 1% of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or requirements of the CSRC may, as the collector, independently or by entrusting a securities company or securities service agency, publicly exercise shareholder rights such as proposal rights and voting rights on behalf of the shareholder. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders' voting rights. It is forbidden to solicit shareholders' voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.

DIRECTORS AND THE BOARD OF DIRECTORS

General Provisions in Relation to Directors

A director of the Company who is a natural person shall not act as the director of the Company under any of the following circumstances:

(i) Lacking or having limited capacity to engage in civil juristic acts;

(ii) Having been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market; or having ever been deprived of political rights due to any crime, with less than 5 years having elapsed since the completion date of the execution of the penalty, or having been granted probation, with less than 2 years having elapsed since the completion date of the probation period;

(iii) Acting as a director, factory director or general manager of a company or enterprise that has been bankrupt and liquidated, whereby the director is personally liable for the bankruptcy of such company or enterprise, with 3 years having not elapsed since the completion date of the bankruptcy and liquidation of the company or enterprise;

(iv) Acting as the legal representative of a company or enterprise, but the business license of this company or enterprise has been revoked and this company or enterprise has been ordered to close due to a violation of the law, whereby the director is personally liable for the revocation, with 3 years having not elapsed since the revocation date of the business license thereof or the order to close;

(v) Classified as a dishonest person subject to enforcement due to significant outstanding debts that have become due but have not been paid;

(vi) Prohibited from entering the securities market by the CSRC with the penalty period not yet expired;

(vii) Recognized by stock exchanges as unsuitable for serving as a director or senior management officer of a listed company, with the disciplinary action period not yet expired;

(viii) Other circumstances as stipulated by the laws, administrative regulations, other securities regulatory rules of the places where the Company's shares are listed and departmental regulation.

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the articles of association, and owe fiduciary duties to the Company. They shall take measures to avoid conflicts of interest between themselves and the Company, and shall not exploit their positions to seek improper benefits. Directors owe the following fiduciary duties to the Company:

(i) They shall not misappropriate Company property or embezzle Company funds;

(ii) They shall not deposit Company funds into accounts opened in their personal names or in the names of other individuals;

(iii) They shall not solicit or accept bribes or other illegal benefits through their authority;

(iv) They shall not directly or indirectly enter into contracts or transactions with the Company unless they have reported to the Board of Directors or the General meeting and obtained approval through a resolution of the General meeting or the Board of Directors in accordance with the articles of association;

(v) They shall not exploit their positions to seize business opportunities that rightfully belong to the Company for their own benefit or the benefit of others, except that such opportunities are reported to the Board of Directors or General meeting and approved by a resolution of the General meeting; or the Company is unable to pursue such opportunities in accordance with the relevant laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association;

(vi) They shall not engage in any business competing with the Company, either on their own behalf or for others, unless they have reported to the Board of Directors or General meeting and obtained approval through a resolution of the General meeting;

(vii) They shall not retain commissions derived from transactions between third parties and the Company;

(viii) They shall not disclose Company secrets without authorization;

(ix) They shall not harm the Company's interests through their affiliated relationships;

(x) They shall comply with other fiduciary duties stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Any income obtained by Directors in violation of this provision shall be returned to the Company. Directors who cause losses to the Company through such violations shall be liable for compensation. Any contract or transaction entered into between the Company and immediate family members of Directors, senior management personnel, enterprises directly or indirectly controlled by Directors, senior management personnel, or their immediate family members, and other connected persons affiliated with Directors or senior management personnel, shall be governed by Article 101, Paragraph 2(iv) of the Articles of Association.

The Directors shall abide by the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the articles of association, and have a diligent obligation to the Company, and shall perform their duties in the best interests of the Company and with the reasonable care normally due by the management.

The Directors have the following diligent obligations to the Company:

(i) Shall exercise prudently, conscientiously and diligently the rights conferred by the Company in order to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and various economic policies, and that the business activities do not exceed the scope of business stipulated in the business license;

(ii) All Shareholders shall be treated fairly;

(iii) Keep abreast of the company's business operations and management status;

(iv) Shall sign written confirmation opinions on the company's periodic reports, ensuring disclosed information is truthful, accurate and complete;

(v) Shall faithfully furnish relevant information and materials to the Audit Committee without impeding its functions;

(vi) Other due diligence obligations stipulated under laws, administrative regulations, departmental rules, securities regulations of the jurisdiction where the company's shares are listed, and the company's Articles of Association.

The Company shall establish a director departure management system, specifying safeguard measures for enforcing accountability and indemnification regarding unfulfilled public commitments and other outstanding matters. Upon the effective date of a director's resignation or expiration of their term, the director shall complete all handover procedures with the Board of Directors. The director's fiduciary duty to the Company and shareholders shall not automatically terminate upon conclusion of their term but shall remain effective for 6 months thereafter. Provided that confidentiality obligations shall persist until the relevant information becomes publicly available. The duration of other obligations shall be determined based on

principles of fairness, considering the time elapsed between the occurrence of relevant events and departure and the circumstances and conditions under which the relationship with the Company ended. Liability arising from the execution of official duties during the director's tenure shall neither be discharged nor terminated upon departure.

Board of Directors

The Company shall have a Board of Directors comprising 7 directors, including 3 independent directors and 1 employee director. The Board shall elect 1 Chairman by a majority vote of all serving directors.

The Board of Directors shall exercise the following authorities:

(i) Convene shareholders' meetings and report on its work;

(ii) Implement resolutions adopted by shareholders' meetings;

(iii) Determine the Company's business plans and investment proposals;

(iv) Formulate profit distribution plans and loss recovery schemes;

(v) Develop plans for capital increase or reduction, bond or security issuance and listing;

(vi) Propose schemes for major acquisitions, share repurchases, mergers, divisions, dissolution or corporate restructuring;

(vii) Within shareholder-authorized limits, approve external investments, asset acquisitions/disposals, asset mortgages, external guarantees, entrusted asset management, connected transactions, external donations;

(viii) Determine the structure of internal management organs;

(ix) Appoint or dismiss the general manager, board secretary and other senior executives, determining their remuneration and incentives; Upon general manager nomination, appoint or dismiss Deputy general managers, Financial Controller and other executives, determining their remuneration and incentives;

(x) Establish fundamental management systems;

(xi) Prepare amendments to the Articles of Association;

(xii) Oversee information disclosure matters;

(xiii) Propose appointment/replacement of auditing accounting firms to shareholders;

(xiv) Receive work reports from the general manager and evaluate performance;

(xv) Approve share repurchases under circumstances specified in Article 25(1)(iii), (v) and (vi) of these Articles;

(xvi) Other authorities granted by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the Company's shares are listed, these Articles or shareholders' meetings.

Matters exceeding shareholder-authorized limits shall be submitted to shareholders' meetings for deliberation.

Independent Directors

Independent directors shall maintain their independence. The following individuals shall not act as independent directors:

(i) Persons employed by the Company or its subsidiaries, as well as their spouses, parents, children, and close social relations;

(ii) Natural person shareholders who directly or indirectly hold more than 1% of the company's issued shares or are among the top ten shareholders of the company, as well as their spouses, parents, and children;

(iii) Persons working for shareholders who directly or indirectly hold more than 5% of the company's issued shares or for the top five shareholders of the company, as well as their spouses, parents, and children;

(iv) Persons working for affiliated enterprises of the company's controlling shareholder or actual controller, as well as their spouses, parents, and children;

(v) Persons who have significant business dealings with the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, or who work for entities with such significant business dealings or their controlling shareholders or actual controllers;

(vi) Persons who provide financial, legal, consulting, sponsorship, or other services to the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, including but not limited to all members of the project team of intermediary institutions providing such services, reviewers at all levels, signatories on reports, partners, directors, senior management personnel, and principal responsible persons;

(vii) Persons who, in the past 12 months, have fallen under any of the circumstances listed in items (i) to (vi) above;

(viii) Other individuals deemed non-independent under laws, administrative regulations, CSRC rules, stock exchange business rules of the place where the shares of the Company are listed and the Articles of Association.

Independent directors shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board of Directors shall evaluate the independence of incumbent independent directors annually and issue a special assessment opinion, which shall be disclosed together with the annual report.

Independent directors shall exercise the following special powers:

(i) Independently engage intermediary agencies to conduct audits, consultations, or verifications on specific matters of the Company;

(ii) Propose to the Board of Directors the convening of an extraordinary general meeting of shareholders;

(iii) Propose the convening of a Board meeting;

(iv) Lawfully solicit shareholder rights from shareholders;

(v) Express independent opinions on matters that may harm the interests of the Company or minority shareholders;

(vi) Other powers stipulated by laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are [**REDACTED**] and the Articles of Association.

The exercise of the powers listed in Items (i) to (iii) above shall be subject to the consent of more than half of all independent directors.

The Company shall promptly disclose any exercise of authorities specified in subparagraph (i) by independent directors. Where such authorities cannot be properly exercised, the Company shall disclose sufficient details and reasons thereof**.**

The following matters shall be submitted to the Board of Directors for deliberation only after being approved by more than half of all independent directors:

(i) Related-party transactions that are required to be disclosed;

(ii) Proposals for changes to or waivers of commitments made by the Company or relevant parties;

(iii) Decisions and measures made by the board of directors of the listed company being acquired in response to the acquisition;

(iv) Other matters stipulated by laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Company establishes a mechanism for special meeting attended solely by independent directors. Related party transactions should be pre-approved by the special meeting of independent directors before being submitted to the Board of Directors for consideration.

The Company shall hold special meetings of independent directors on a regular or ad hoc basis. Matters listed in items (i) to (iii) of the paragraph 1 of Article 130 and Article 131 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent directors shall be prepared as required, with the inclusion of the opinions of the independent directors, who shall sign to confirm the minutes of the meetings.

Special Committees of the Board

The Board of the Company has established an Audit Committee, which shall exercise the functions and powers of the board of supervisors as prescribed by the Company Law.

The Audit Committee shall comprise 3 members who are non-executive directors or independent directors without executive functions, including at least 2 independent directors. The Committee Chairman shall be a qualified accounting professional appointed from among the independent directors.

The Audit Committee is responsible for reviewing the company's financial information and its disclosure, supervising and evaluating the internal and external audit work and internal control. Any of the following matters shall be subject to the affirmative votes of more than half of all the members of the Audit Committee before the Board of Directors makes a resolution:

(i) Disclosing the financial and accounting reports, and financial statements and internal control evaluation report of periodic reports;

(ii) Hiring or removing the accounting firm that undertakes the audit engagements of the company;

(iii) Appointing or removing the chief financial officer of the Company;

(iv) Making changes to accounting policies or accounting estimates, or make corrections for material accounting errors for reasons other than changes in accounting standards; and

(v) Any other matters authorized by the laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Audit Committee shall hold a regular meeting at least once a quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener deems necessary. A meeting of the Audit Committee may only be held when more than two thirds of the members attended. Resolutions adopted at the Audit Committee meeting must be approved by more than half of all members of the Audit Committee. Resolutions of the Audit Committee shall be passed on a "one person one vote" basis.

The Board of the Company has established special committees such as the Nomination Committee, the Remuneration and Appraisal Committee, and Strategy Committee, which perform their duties in accordance with the Articles and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for review and decision making.

Senior Management Members

The Company shall have one General Manager, who shall be appointed or dismissed by the Board of Directors. The Company shall have several Deputy General Managers and one Financial Officer, who shall be appointed or dismissed by the Board of Directors.

The Company shall have a board secretary responsible for the preparation of the shareholders' meetings and Board meetings, custody of documents, management of shareholder information, handling information disclosure matters, investor relations activities, and other related duties.

The board secretary shall comply with the provisions of applicable laws, administrative regulations, departmental rules, securities regulations of the stock exchange where the Company's shares are listed, and the Company's Articles of Association.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall submit and disclose an annual financial report to the CSRC dispatched office and the stock exchange where the Company's shares are listed within 4 months after the end of each fiscal year, submit and disclose its interim report to the competent authorities of CSRC and the stock exchange where the Company's shares are listed within 2 months after the end of the first half of each accounting year.

The above-mentioned annual report and interim report are prepared in accordance with relevant laws, administrative regulations, the CSRC rules, and the securities regulatory rules of the place where the shares of the Company are listed.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company's statutory reserve until the fund has reached 50% or more of the Company's registered capital.

When the Company's statutory reserve is not sufficient to make up for the Company's losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision.

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a general meeting, make further allocations from its profits after taxation to the discretionary reserve.

After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

If the general meeting resolves to distribute any profits to the shareholders in violation of the Company Law, the shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the shareholders, as well as any directors, and senior officers responsible for the violation, shall be liable for compensation.

The Company shall not distribute any profits in respect of the shares held by it.

The Company is required to appoint one or more receiving agent(s) in Hong Kong for shareholders of H shares. The receiving agent(s) shall receive and hold on behalf of such shareholders of H shares any dividends allocated to H shares and other amounts payable by the Company, and transmit such payments to such shareholders of H shares. The receiving agent(s) appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The provident fund of the Company is appropriated for purpose of making up the losses or expanding production and operation of the Company or being capitalized.

When using the Company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations.

In any capitalization of the statutory provident fund, the remaining statutory provident fund shall not be less than twenty-five percent (25%) of the Company's registered capital immediately prior to such capital increase through provident fund transfer.

After the general meeting of the Company makes a decision for distribution of profits in general meeting, or after the Board of Directors formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year that approved by the annual general meeting of shareholders, the Board of Directors must finish distributing the dividends (or shares) within two months.

Internal Audit

The Company shall implement an internal audit system and clarify the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability.

The internal audit institution of the Company shall conduct supervision and inspection on the Company's business activities, risk management, internal control, financial information and other matters.

Appointment of Accounting Firm

The Company shall appoint an accounting firm in compliance with the relevant provisions of the Securities Law to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

The appointment and dismissal of the Company's accounting firm shall be decided by the general meeting. The Board of Directors shall not appoint the accounting firm until it is decided by the general meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The audit fee payable to an accounting firm shall be decided by the general meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give 30 days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions. Where the accounting firm resigns, it shall state to the general meeting whether the Company has improper circumstances.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase, Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on merger and shall make an announcement in the appointed disclosure media provided by the Articles of Association of the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

When the Company is divided, its assets shall be split accordingly. In the event of a division of the Company, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on division and shall make an announcement in the appointed disclosure media provided by the Articles of Association of the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital. The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the general meeting and make announcement thereof in the appointed disclosure media provided by the Articles of Association of the Company or the National Enterprise Credit Information Publicity System within 30 days. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders' shareholding, unless otherwise stipulated by the laws or the Articles of Association.

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws.

When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for change registration with the registration authority of the Company.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(i) The term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) The general meeting resolves to dissolve the Company;

(iii) Dissolution is necessary due to merger or division of the Company;

(iv) The Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;

(v) Where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Company may apply to the people's court to dissolve the Company if there are no other solutions.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstances of items (i) and (ii) of Article 188 of the Articles of Association and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the general meeting.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by resolution of the general meeting shall be approved by more than two- thirds of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved pursuant to item (i), (ii), (iv) or (v) of Article 188 of the Articles of Association, it shall be liquidated. The Directors, being the liquidation obligors of the Company, shall form a liquidation committee for liquidation within 15 days from the date of occurrence of the cause for dissolution.

The liquidation committee shall comprise the Directors, unless the Articles of Association provide otherwise or it is resolved at a general meeting to elect another person(s). If liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the company or its creditors, they shall bear compensation liability. The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in appointed disclosure media provided by the Articles of Association of the Company or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice.

If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

In case the Company is declared to be insolvent according to the laws, liquidation shall be processed in accordance with the laws on corporate bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(i) In the event that provisions of these Articles conflict with amended laws, administrative regulations, or securities regulations of the listing jurisdiction after the enactment of revisions to the *Company Law*, relevant legislation, administrative regulations, or securities rules governing the Company's place of listing;

(ii) There is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;

(iii) The general meeting decides to amend the Articles of Association.

The amendments to the Articles of Association adopted by the general meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on 22 December 2000 and was converted into a joint stock company with limited liability on 3 August 2011 under the laws of the PRC and completed the listing of our A Shares on the Shenzhen Stock Exchange (stock code: 002768.SZ) on 30 June 2015. As of the Latest Practicable Date, the registered share capital of our Company was RMB271,250,000.

Our Company has established a place of business in Hong Kong at Room 05, 58/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 26 June 2025, Ms. Chan Yuk Wing, the joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As our Company was established in the PRC, its operations are subject to the relevant laws and regulations of mainland China. A summary of the relevant aspects of laws and regulations of Mainland China and the Article of Association is set out in Appendices IV and V to this document, respectively.

2. Changes in Share Capital of Our Company

The Company has not had any share capital changes within two years prior to the date of publication of this document.

3. Changes in the Share Capital of our Subsidiaries

Save as disclosed below and in the section headed "History and Corporate Structure — Major Subsidiaries" in this document, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document.

The following alteration in the registered capital of our subsidiaries took place within the two years immediately preceding the date of this document:

Name of subsidiary	Date of change	Registered capital before change	Registered capital after change
Hong Kong Petrochemical	30 July 2024	HKD274,708,622	HKD2,747.08
	30 July 2024	HKD2,747.08	HKD121,682,747.08
Dongbao Yuansu (Qingdao) Biotechnology Co., Ltd.* (東寶圓素(青島)生物科技有限公司)	19 August 2024	RMB5,000,000	RMB10,000,000
Gon Group (Hong Kong)	27 December 2024	USD100,000	USD20,000,000

Name of subsidiary	Date of change	Registered capital before change	Registered capital after change
Gon International (Hongkong) Investment Limited (國恩國際(香港)投資有限公司)	27 December 2024	HKD50,000	USD6,000,000
Gon Technology (Hongkong) Development Limited 國恩科技(香港)發展有限公司	27 December 2024	HKD50,000	USD6,000,000
Shanghai Yuwo Energy Technology Rearch and Development Co. Ltd. (上海漁沃能源科技研發有限公司)	20 March 2025	RMB10,000,000	RMB1,000,000
Shanghai Qifang Huiyuan Trading Co. Ltd. (上海青昉匯遠貿易有限公司)	20 March 2025	RMB10,000,000	RMB500,000

4. Resolutions of the Shareholders

Pursuant to the general meeting of our Shareholders held on 6 June 2025, the following resolutions, among others, were passed by our Shareholders:

(a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange be issued;

(b) the number of H Shares to be [**REDACTED**] shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and the grant to the [**REDACTED**] (or their representatives) of any [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(d) authorization of our Board and its authorized person to handle all relevant matters relating to, among other things, the issue and [**REDACTED**] of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. 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 agreement dated 2 April 2024 entered into between the Company, Gon Group (Hong Kong), Hong Kong Petrochemical and Fok Hei Yu & Chow Wai Shing Daniel regarding the restructuring of Hong Kong Petrochemical, including but not limited to the Company's share subscription of 99.99% shareholding interest in Hong Kong Petrochemical at a consideration of US$15.6 million;

(b) the agreement dated 29 April 2024 entered into between the Company and Guangdong Qianfang Enterprise Management Consulting Partnership (Limited Partnership)* (廣東乾方企業管理諮詢合夥企業(有限合夥)) ("Guangdong Qianfang") regarding the acquisition of 45% equity interest of Guangdong Gon Plastics from Guangdong Qianfang at a nominal consideration of RMB1.0;

(c) the agreement dated 11 September 2024 entered into between the Company, Dongbao Bio-tech and Qingdao Deyu regarding Dongbao Bio-tech's acquisition of 33.36% and 6.64% equity interest of Yiqing Bio-tech from the Company and Qingdao Deyu, respectively at a consideration of RMB232 million; and

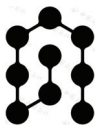
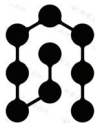
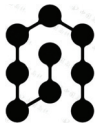
(d) the [**REDACTED**].

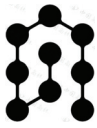
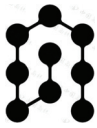
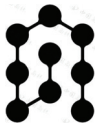
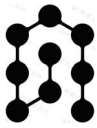
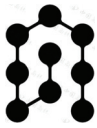
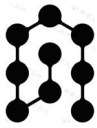
2. Intellectual Property Rights

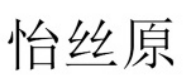
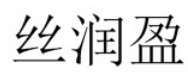
(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks, which we considered to be material to our business:

No.	Trademark	Place of registration	Registration No.	Approved product category for use	Valid period of registration	Trademark owner
1 . . .		The PRC	37688777	17	21 November 2020-20 November 2030	The Company
2 . . .		The PRC	37678601	17	14 November 2020-13 November 2030	The Company

No.	Trademark	Place of registration	Registration No.	Approved product category for use	Valid period of registration	Trademark owner
3 . . .		The PRC	9497452	17	28 January 2014- 27 January 2034	The Company
4 . . .		The PRC	7556377	17	7 January 2014- 6 January 2034	The Company
5 . . .		The PRC	37703660	27	14 December 2019- 13 December 2029	The Company
6 . . .		The PRC	37679445	17	28 July 2021- 27 July 2031	The Company
7 . . .		The PRC	37682419	19	28 July 2021- 27 July 2031	The Company
8 . . .		The PRC	37706222	20	7 September 2020- 6 September 2030	The Company
9 . . .		The PRC	37681356	22	7 September 2020- 6 September 2030	The Company
10. . .		The PRC	37691818	27	7 September 2020- 6 September 2030	The Company
11. . .		The PRC	37687244	28	28 May 2020- 27 May 2030	The Company
12. . .		The PRC	37693744	37	28 January 2020- 27 January 2030	The Company
13. . .		The PRC	48918033	35	28 March 2021- 27 March 2031	The Company
14. . .		The PRC	37702119	5	7 October 2020- 6 October 2030	The Company
15. . .		The PRC	37688817	9	7 September 2020- 6 September 2030	The Company
16. . .		The PRC	64366153	3	28 October 2022- 27 October 2032	The Company
17. . .		The PRC	64345177	5	21 October 2022- 20 October 2032	The Company
18. . .		The PRC	64334647	10	21 October 2022- 20 October 2032	The Company

No.	Trademark	Place of registration	Registration No.	Approved product category for use	Valid period of registration	Trademark owner
19. . .		The PRC	64359430	27	28 October 2022-27 October 2032	The Company
20. . .		The PRC	64339446	28	21 October 2022-20 October 2032	The Company
21. . .		The PRC	64335553	38	21 October 2022-20 October 2032	The Company
22. . .		The PRC	64364597	39	28 December 2022-27 December 2032	The Company
23. . .		The PRC	64359035	41	28 December 2022-27 December 2032	The Company
24. . .		The PRC	64355989	42	28 December 2022-27 December 2032	The Company
25. . .		The PRC	64348010	42	21 October 2022-20 October 2032	The Company
26. . .		The PRC	64366068	17	21 October 2022-20 October 2032	The Company
27. . .		The PRC	64347963	17	21 October 2022-20 October 2032	The Company
28. . .		The PRC	64347997	42	21 October 2022-20 October 2032	The Company
29. . .		The PRC	30962819	9	28 February 2019-27 February 2029	Gocci Opto-electronics
30. . .		The PRC	30939746	9	28 February 2019-27 February 2029	Gocci Opto-electronics
31. . .		The PRC	56255784	1	14 December 2021-13 December 2031	Gon Polymer.1

No.	Trademark	Place of registration	Registration No.	Approved product category for use	Valid period of registration	Trademark owner
32. . .		The PRC	3710942	5	7 February 2006-6 February 2026	Yiqing Bio-Tech
33. . .		The PRC	346695	5	30 April 1989-29 April 2029	Yiqing Bio-Tech
34. . .		The PRC	8089685	1	21 April 2011-20 April 2031	Dongbao Bio-tech
35. . .		The PRC	8463489	1	21 July 2011-20 July 2031	Dongbao Bio-tech
36. . .		The PRC	8276807	30	14 May 2011-13 May 2031	Dongbao Bio-Tech
37. . .		The PRC	8463507	3	21 July 2011-20 July 2031	Dongbao Bio-Tech
38. . .		The PRC	29456830	5	14 January 2019-13 January 2029	Dongbao Bio-Tech
39. . .		The PRC	62432583	5	28 July 2022-27 July 2032	Dongbao Bio-Tech
40. . .		The PRC	80324843	32	28 February 2025-27 February 2035	Dongbao Bio-Tech
41. . .		The PRC	81811088	1	28 April 2025-27 April 2035	Dongbao Bio-Tech
42. . .		The PRC	81808602	1	7 May 2025-6 May 2035	Dongbao Bio-Tech

(b) Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our business:

No.	Patent	Patent category	Patent No.	Place of registration	Date of application	Patentee
1 . .	A kind of flame retardant and high-toughness composite material and manufacturing method	Invention Patent	2009100194330	The PRC	13 October 2009	The Company
2 . .	Weather resistance reinforced polypropylene composite material and manufacturing method	Invention Patent	2009102653181	The PRC	29 December 2009	The Company
3 . .	Flame retardant polypropylene material and preparation method	Invention Patent	2009102653196	The PRC	29 December 2009	The Company
4 . .	A kind of air conditioning fan material and manufacturing method	Invention Patent	2010101215483	The PRC	5 March 2010	The Company
5 . .	A kind of flame retardant and high-flow composite material and preparation method	Invention Patent	2010105155547	The PRC	22 October 2010	The Company
6 . .	Preparation method of a kind of PP/SBR blended and modified composite material	Invention Patent	2011102874444	The PRC	26 September 2011	The Company
7 . .	A kind of inorganic hydroxide, flame retardant and high-density polyethylene material and its preparation method	Invention Patent	2012101570484	The PRC	21 May 2012	The Company
8 . .	Modified PC resin composite material for household appliances and its preparation method	Invention Patent	2013103640560	The PRC	20 August 2013	The Company
9 . .	Material for inner and outer covers of air conditioner and preparation method	Invention Patent	2013104965358	The PRC	22 October 2013	The Company
10 .	A kind of high-gloss, halogen-free, flame-retardant and antibacterial PP material and its manufacturing method	Invention Patent	2015102251598	The PRC	6 May 2015	The Company
11 .	Twin-screw combination for nylon and glass fiber extrusion processing and its processing method	Invention Patent	2018110432847	The PRC	7 September 2018	The Company
12 .	A kind of high-performance PET/PBT material for air conditioning compressor junction box and its preparation method	Invention Patent	2021105699421	The PRC	25 May 2021	The Company
13 .	A kind of polypropylene composite material with low heat storage property for automobile interior parts and its preparation method	Invention Patent	2020107462933	The PRC	29 July 2020	The Company

No.	Patent	Patent category	Patent No.	Place of registration	Date of application	Patentee
14.	A kind of weather-resistant, halogen-free, flame-retardant and light-diffusing PC/PBT material for use in charging pile panel and its preparation method	Invention Patent	2020107893578	The PRC	7 August 2020	The Company
15.	A kind of flame-retardant ABS composite material and its preparation method	Invention Patent	2021116153030	The PRC	27 December 2021	The Company
16.	A kind of low-odor and heat-resistant biodegradable material for straws and its preparation method	Invention Patent	202111620134X	The PRC	27 December 2021	The Company
17.	A kind of light diffusing polystyrene composite material and its preparation method	Invention Patent	2021116201091	The PRC	27 December 2021	The Company
18.	A kind of biodegradable material capable of being irradiated and sterilizable and its preparation method	Invention Patent	2021116153327	The PRC	27 December 2021	The Company
19.	A kind of flame-retardant nylon material and its preparation method	Invention Patent	2021116200898	The PRC	27 December 2021	The Company
20.	A kind of laser engravable, light-diffusion and flame-retardant PC material and its preparation method	Invention Patent	2021116214405	The PRC	23 December 2021	The Company
21.	A kind of spray-free composite material for car use and its preparation method	Invention Patent	2021113150863	The PRC	8 November 2021	The Company
22.	Fully biodegradable mulching film material with super-hydrophobicity, high barrier, moisture retention, humidification and aging resistance properties and its preparation method	Invention Patent	2022109945222	The PRC	18 August 2022	The Company
23.	A kind of composite material for mobile phone backplane and its preparation method	Invention Patent	2023106839688	The PRC	10 June 2023	The Company
24.	A kind of PETPS plastic material for screen backplane of folding screen smart phone and its preparation method	Invention Patent	2022113777910	The PRC	4 November 2022	The Company
25.	A kind of halogen-free, flame-retardant, polyamide-reinforced material with high temperature and yellowing resistance and its manufacturing method	Invention Patent	2023106982332	The PRC	13 June 2023	The Company
26.	A kind of glass fiber reinforced AS material with impact resistance and high temperature resistance and its preparation method	Invention Patent	2022109322946	The PRC	4 August 2022	The Company

No.	Patent	Patent category	Patent No.	Place of registration	Date of application	Patentee
27 .	A kind of cobalt-based supported catalyst containing carbon and nitrogen and its preparation method and application	Invention Patent	2023102109830	The PRC	7 March 2023	The Company
28 .	A kind of flame-retardant PC/ABS alloy material with low linear expansion coefficient and its preparation method	Invention Patent	2022117233022	The PRC	30 December 2022	The Company
29 .	A kind of low-resistance and high-filtration melt-blown fabric production system and its production process	Invention Patent	2022111101157	The PRC	13 September 2022	The Company
30 .	A kind of high GWIT, low smoke, flame-retardant PBT and PET alloy material and its preparation method	Invention Patent	2024103286470	The PRC	21 March 2024	The Company
31 . .	A kind of processing system and method for improving efficiency of laser light guide plate	Invention Patent	2016109435224	The PRC	2 November 2016	Gocci Opto-electronics
32 . .	A kind of light guide plate manufacturing method for improving color gamut and yield, light guide plate and backlight module	Invention Patent	2016111865377	The PRC	20 December 2016	Gocci Opto-electronics
33 . .	A kind of method for solving the hotspot problem of edge-entry light guide plate	Invention Patent	2017100192575	The PRC	11 January 2017	Gocci Opto-electronics
34 . .	A kind of positioning device for a light guide plate	Invention Patent	201710267011X	The PRC	21 April 2017	Gocci Opto-electronics
35 . .	A kind of TV light guide plate	Invention Patent	2017105494393	The PRC	7 July 2017	Gocci Opto-electronics
36 . .	A kind of laser efficiency improving device for laser of light guide plate	Invention Patent	201711017260X	The PRC	26 October 2017	Gocci Opto-electronics
37 . .	A device and method for inspecting light guide plate	Invention Patent	201811134876X	The PRC	28 September 2018	Gocci Opto-electronics
38 . .	A kind of production method of laser projection screen and laser projection screen	Invention Patent	2020108951744	The PRC	31 August 2020	Gocci Opto-electronics
39 . .	A panel inspection device, inspection system and inspection method	Invention Patent	2018107339132	The PRC	6 July 2018	Gocci Opto-electronics
40 . .	A method for multi-software joint simulation and design of hot-pressed light guide plate network dots and its application	Invention Patent	202210169104X	The PRC	23 February 2022	Gocci Opto-electronics
41 . .	A kind of halogen-free flame-retardant glass fiber reinforced PC material with high gloss, high heat resistance and high fluidity and the preparation method	Invention Patent	2015102588192	The PRC	20 May 2015	Guangdong Gon Plastics

No.	Patent	Patent category	Patent No.	Place of registration	Date of application	Patentee
42.	A kind of reinforced ABS composition with low expansion coefficient and its preparation method	Invention Patent	2020116315399	The PRC	31 December 2020	Guangdong Gon Plastics
43.	A flame-retardant and impact-resistant polystyrene masterbatch and its preparation method	Invention Patent	2012101373838	The PRC	7 May 2012	Gon Polymer.1
44.	A cooling device for use in plastic production lines	Invention Patent	2021102275314	The PRC	2 March 2021	Gon Polymer.1
45.	An adsorbent for treating petrochemical wastewater and its preparation method	Invention Patent	2016105553221	The PRC	15 July 2016	Gon Chemical (Dongming)
46.	A production equipment and method for DMMn	Invention Patent	2019100526861	The PRC	21 January 2019	Gon Chemical (Dongming)
47.	A method for preparing furfuraldehyde alkyl esters by oxidation esterification	Invention Patent	2021108071715	The PRC	16 July 2021	Gon Chemical (Dongming)
48.	A device and method for processing non-conforming DMMn materials	Invention Patent	2019100529516	The PRC	21 January 2019	Gon Chemical (Dongming)
49.	An alarm device for the return and connection of loading arm	Invention Patent	2020111297479	The PRC	21 October 2020	Gon Ruihua
50.	A modular chemical pump	Invention Patent	2020113442072	The PRC	26 November 2020	Gon Ruihua
51.	An intelligent anti-polymerisation, anti-detonation, and anti-flame arrestor	Invention Patent	2021112706523	The PRC	29 October 2021	Gon Ruihua
52.	A kind of fish gelatin hollow capsule	Invention Patent	2012102589098	The PRC	25 July 2012	Yiqing Bio-Tech
53.	A kind of enteric-coated hollow capsule and its preparation method	Invention Patent	2008101382559	The PRC	10 July 2008	Yiqing Bio-Tech
54.	Capsule three-forces testing method	Invention Patent	2009102600606	The PRC	24 December 2009	Yiqing Bio-Tech
55.	Capsule three-forces testing instrument	Invention Patent	2009102600593	The PRC	24 December 2009	Yiqing Bio-Tech
56.	A kind of hollow capsule suitable for filling with traditional Chinese medicine	Invention Patent	2013101513306	The PRC	27 April 2013	Yiqing Bio-Tech
57.	A kind of cellulose and plant polysaccharide capsule	Invention Patent	2008101382563	The PRC	10 July 2008	Yiqing Bio-Tech
58.	A kind of gelatin pearl hollow capsule and its preparation method	Invention Patent	2012102416135	The PRC	12 July 2012	Yiqing Bio-Tech
59.	Self-cleaning machine and self-cleaning method for glue tray	Invention Patent	2016109604383	The PRC	4 November 2016	Yiqing Bio-Tech
60.	Capsule mold ultrasonic cleaning machine and cleaning method	Invention Patent	2016109604379	The PRC	4 November 2016	Yiqing Bio-Tech
61.	Plastic bucket automatic cleaning machine and automatic cleaning method	Invention Patent	2016109632716	The PRC	4 November 2016	Yiqing Bio-Tech

No.	Patent	Patent category	Patent No.	Place of registration	Date of application	Patentee
62.	A kind of gelatin hollow capsule with anti-crosslinking effect and its preparation method	Invention Patent	2020107192544	The PRC	23 July 2020	Yiqing Bio-Tech
63.	Capsule mold with online cleaning device	Invention Patent	2017102694307	The PRC	24 April 2017	Yiqing Bio-Tech
64.	Online smoothness enhancing device for capsule production line	Invention Patent	2018110693033	The PRC	13 September 2018	Yiqing Bio-Tech
65.	A kind of highly transparent composite material and its manufacturing method	Invention Patent	2010101080058	The PRC	4 February 2010	Gon Composites
66.	A fast-curing thermosetting sheet moulding compound and its preparation method	Invention Patent	2021112465527	The PRC	26 October 2021	Gon Composites
67.	Air-conditioning fan material and manufacturing method	Invention Patent	2010101215464	The PRC	5 March 2010	Gon Plastics (Zhejiang)
68.	A kind of low shrinkage polypropylene material and its preparation method	Invention Patent	2018103017888	The PRC	4 April 2018	Gon Plastics (Qingdao)
69.	A kind of Impact-resistant, flame-retardant and anti-bacterial ABS material for smart home appliances and its preparation method	Invention Patent	2018101365862	The PRC	9 February 2018	Gon Plastics (Qingdao)
70.	Processed meat product, manufacturing method and use of gelatin	Invention Patent	2019106363162	The PRC	15 July 2019	Dongbao Bio-Tech
71.	A kind of method that adopts allantoin to reduce endotoxin in gelatin	Invention Patent	2020102485888	The PRC	1 April 2020	Dongbao Bio-Tech
72.	A kind of bovine collagen peptide for promoting osteoblast mineralization and its application	Invention Patent	2021103084140	The PRC	23 March 2021	Dongbao Bio-Tech
73.	Method for improving solubility of gelatin and highly soluble gelatin prepared by such method	Invention Patent	2021106549525	The PRC	11 June 2021	Dongbao Bio-Tech
74.	Method for determination of metal content in gelatin and treatment method	Invention Patent	2017111604244	The PRC	20 November 2017	Dongbao Bio-Tech
75.	Active peptide for promoting proliferation of osteoblasts and its application	Invention Patent	2019109667846	The PRC	12 October 2019	Dongbao Bio-Tech
76.	A kind of composition substance for improving disuse osteoporosis and its application	Invention Patent	2016102906471	The PRC	5 May 2016	Dongbao Bio-Tech
77.	Techniques of preparing collagen active peptides	US Invention Patent	US10,414,795B2	The USA	15 March 2017	Dongbao Bio-Tech
78.	A method of producing collagen active peptide with the effect of inhibiting cancer cell proliferation	Invention Patent	2016101496408	The PRC	16 March 2016	Dongbao Bio-Tech

No.	Patent	Patent category	Patent No.	Place of registration	Date of application	Patentee
79.	A method of preparing gelatin with bone granules as raw material	Invention Patent	2013103734604	The PRC	23 August 2013	Dongbao Bio-Tech
80.	Health food compound for improving women's menopausal syndrome and its preparation method	Invention Patent	2013101506251	The PRC	26 April 2013	Dongbao Bio-Tech
81.	A kind of technical process for preparing food grade dicalcium phosphate from bovine bone	Invention Patent	2013105571847	The PRC	12 November 2013	Dongbao Bio-Tech
82.	A kind of technical process for preparing toothpaste grade calcium hydrogen phosphate from bovine bone	Invention Patent	2013105571692	The PRC	12 November 2013	Dongbao Bio-Tech
83.	Preparation method of soluble collagen	Invention Patent	200910241882X	The PRC	14 December 2009	Dongbao Bio-Tech
84.	Control method of acid pickling process in gelatin production	Invention Patent	201110248995X	The PRC	29 August 2011	Dongbao Bio-Tech
85.	Capsule Printing Machine with Quantitative Counting Device	Invention Patent	201910667868X	The PRC	23 July 2019	Yiqing Bio-Tech

(c) Software Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which are material to our business:

No.	Registration No.	Name of Software Copyright	Registration Date	Copyright owner
1.	2020SR0308714	Network dots equal density conversion system V1.0	3 April 2020	Gocci Opto-electronics
2.	2020SR0303158	Laser light guide plate network dot design software [abbreviation: laser network dot design] V1.0	2 April 2020	Gocci Opto-electronics
3.	2020SR0303140	Diffusion plate optical design software [abbreviation: diffusion plate optical design] V1.0	2 April 2020	Gocci Opto-electronics
4.	2020SR0308720	Light guide plate intelligent design data system V1.0	3 April 2020	Gocci Opto-electronics
5.	2020SR0308718	Network dot adjustment software for light guide plate network dot design [abbreviation: network dot adjustment] V1.0	3 April 2020	Gocci Opto-electronics
6.	2020SR0303143	Network dot design software [abbreviation: PattenDesign] V1.0	2 April 2020	Gocci Opto-electronics

No.	Registration No.	Name of Software Copyright	Registration Date	Copyright owner
7. . . .	2020SR0303155	Product resources management system V1.0	2 April 2020	Gocci Opto-electronics
8. . . .	2024SR2218619	New-type hollow capsule intelligent industrialized production and manufacturing execution back-stage management system V1.0	27 December 2024	Yiqing Bio-Tech
9. . . .	2024SR2218817	New-type hollow capsule intelligent industrialization central control inspection management system V1.0	27 December 2024	Yiqing Bio-Tech
10 . . .	2024SR2218911	New-type hollow capsule intelligent industrialized production and manufacturing execution customer-end system (PDA + front stage) V1.0	27 December 2024	Yiqing Bio-Tech

(d) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

No.	Domain name	Website Filing/License No.	Review approval date	Holder
1 . .	gonhoming.com	Lu ICP Filing No. 11034014-7	30 December 2024	The Company
2 . .	國恩股份.com	Lu ICP Filing No. 11034014-1		
3 . .	國恩科技.com	Lu ICP Filing No. 11034014-1		
4 . .	國恩科技.cn	Lu ICP Filing No. 11034014-1		
5 . .	國恩科技.中國	Lu ICP Filing No. 11034014-1	24 November 2023	The Company
6 . .	qdgon.com	Lu ICP Filing No. 11034014-1		
7 . .	國恩股份.中國	Lu ICP Filing No. 11034014-1		
8 . .	國恩股份.cn	Lu ICP Filing No. 11034014-1		
9 . .	124.129.149.94	Lu ICP Filing No. 11034014-3	11 April 2022	The Company
10 .	gonhomy.com	Lu ICP Filing No. 11034014-4	4 December 2023	The Company
11 .	gonhomey.com	Lu ICP Filing No. 11034014-2	22 October 2021	The Company
12 .	gcot.com.cn	Lu ICP Filing No. 20014562-1	4 December 2023	Gocci Opto-electronics

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and the chief executive of our Company

Save as disclosed below, immediately following completion of the [**REDACTED**], so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), 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 our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Name	Position	Nature of interest	Number and class of Shares held	Approximate percentage of interest in our Company as of the Latest Practicable Date and immediately prior to the [REDACTED][(1)]	Approximate percentage of shareholding in the total issued and outstanding share capital of our Company immediately following the completion of the [REDACTED][(2)]
				(%)	*(%)*
Mr. Wang . .	Chairman of our Board, executive Director and general manager	Beneficial owner	126,000,000 (A Shares)	46.45	[**REDACTED**]
		Interest of spouse[(3)]	27,000,000 (A Shares)	9.95	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of 271,250,000 Shares in issue as of the Latest Practicable Date.

(2) The calculation is based on the total number of 271,250,000 A Shares in issue and [**REDACTED**] H Shares in issue upon [**REDACTED**].

(3) Ms. Xu is the spouse of Mr. Wang. By virtue of the SFO, Mr. Wang and Ms. Xu are deemed to be interested in all the Shares held by each other. As of the Latest Practicable Date, Ms. Xu and Xinghao Investment directly held 9,000,000 A Shares and 18,000,000 A Shares, respectively. Xinghao Investment is controlled and held as to 83.30% by Ms. Xu. By virtue of the SFO, Ms. Xu is deemed to be interested in all the Shares held by Xinghao Investment.

(b) Interests of the substantial shareholders

For information on the persons who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will directly and/or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, see "Substantial Shareholders".

Save as disclosed in "Substantial Shareholders" in this document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [**REDACTED**], having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would have to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

As of the Latest Practicable Date, saved as disclosed in this document, our Directors are not aware of any persons (other than our Directors) who will, immediately following the completion of the [**REDACTED**], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

2. Service Contracts

We have entered into a contract with each of our Directors in respect of, among other things, compliance with relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval.

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

For details of the remuneration or benefits in kind paid to our Directors during the Track Record Period, please see ''Directors and Senior Management'' and Note 12 to the Accountants' Report in Appendix I to this document.

During the Track Record Period, no fees were paid by our Group to any of our Directors, Supervisors or the five highest paid individuals as an inducement to join us or as compensation for loss of office, and there has been no arrangement under which a Director has waived or agreed to waive any emoluments.

4. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or chief executive of our Company has any interests or (a short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken 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 in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Hong Kong Stock Exchange, once the Shares are [**REDACTED**] on the Hong Kong Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors, nor any of the persons listed in "Other Information — 5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors, nor any of the persons listed in "Other Information — 5. Qualification of Experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;

(e) save in connection with the [**REDACTED**], none of the persons listed in "Other Information — 5. Qualification of Experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) save as contemplated under the [**REDACTED**], none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers.

SHARE REPURCHASE PLAN

On 8 March, 2024, our Board resolved a plan to repurchase, in the next 12 months, A shares from the secondary market using our internal capital, with a maximum budget of RMB200 million and a target price of not more than RMB24.00 per A Share (the "**Share Repurchase Plan**"), for the purpose of granting such repurchased A Shares under any future employee incentive plan or restricted share incentive plan. The maximum repurchase price was then subsequently adjusted from RMB24.00 to RMB23.82 per A share.

Any future employee incentive plan or restricted share incentive plan to be established in connection with the Share Repurchase Plan will not have any dilutive effect to the interests held by the Shareholders. Such future employee incentive plan or restricted share incentive plan and the terms thereof shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

All such repurchased A Shares have been held in a single securities account opened for the purpose of the Share Repurchase Plan. The Share Repurchase Plan was completed on 28 February, 2025, and as at the date of its completion, 6,250,000 A Shares were repurchased and held in such relevant account, representing approximately 2.30% of our Shares.

As of the Latest Practicable Date, our Company has no outstanding future employee incentive plan or restricted share incentive plan that may be subject to the provisions of Chapter 17 of the Listing Rules.

OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules, and the Sole Sponsor will receive a fee of US$[**REDACTED**] to act as the sponsor to our Company in connection with the [**REDACTED**].

4. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualifications
China Merchants Securities (HK) Co., Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities as defined under the SFO
SHINEWING (HK) CPA Limited	Certified public accountants, and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Jingtian & Gongcheng	Legal advisers to our Company as to PRC law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

6. Consents

Each of the experts as referred to in the paragraph headed "5. Qualifications of Experts" of this Appendix has given and has not withdrawn its respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

7. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company. including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

8. No Material Adverse Change

Except as otherwise disclosed in this Document, our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since 31 December 2024 (being the date to which the latest condensed consolidated financial statements of our Company were prepared).

9. Promoters

Save as disclosed in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

10. Restrictions on Repurchase

For details, please refer to the sections headed "Appendix V — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association" to this document.

11. 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.

12. 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).

13. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, (i) our Company has 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 commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) save for our A Shares which are listed on the Shenzhen Stock Exchange, our Company is not presently [**REDACTED**] on any stock exchange or [**REDACTED**] on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents, a copy of each of the following:

(a) the written consents referred to under "Other Information — 6. Consents" in Appendix VI to this document; and

(b) copies of the material contracts referred to in the paragraph headed "Further Information about the Business of our Company — 1. Summary of Material Contracts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

The following documents will be published on the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.qdgon.com**) up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report from SHINEWING (HK) CPA Limited, the text of which is set out in Appendix I to this document;

(c) the report from SHINEWING (HK) CPA Limited in relation to unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

(d) the audited consolidated financial statements of our Group for the three financial years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2025;

(e) the industry report from Frost & Sullivan;

(f) the written consents referred to under "Other Information — 6. Consents" in Appendix VI to this document;

(g) the material contracts referred to in the paragraph headed "Further Information about the Business of our Company — 1. Summary of Material Contracts" in Appendix VI to this document;

(h) the PRC legal opinions issued by Jingtian & Gongcheng, in respect of certain general corporate matters and property interests of our Group;

(i) the service contracts referred to in the paragraph headed "Further Information about Our Directors and Substantial Shareholders — 2. Service Contracts" in Appendix VI to this document; and

(j) the PRC Company Law, the Overseas Listing Trial Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations.